



TOWN OF NEW LONDON, NEW HAMPSHIRE

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BUDGET COMMITTEE MEETING MINUTES Wednesday, November 16, 2022 6:30 PM, Whipple Town Hall

BUDGET COMMITTEE MEMBERS PRESENT: Chris Lorio, (Chair) Joe Cardillo (Vice Chair), Hannah Bianchi, Lou Botta, John Wilson, Mark Christensen, Colin Beasley, Bill Helm (Selectmen's Representative)

MEMBERS ABSENT: Lyndsay Harkins

STAFF PRESENT: Kimberly Hallquist, Town Administrator, Lynn Lewis, Finance Officer

OTHERS PRESENT:

Emily Cobb, Police Chief
Adam Ricker, Planning & Zoning Administrator
Will Kidder, Town Clerk-Tax Collector
Bob Harrington, Public Works Director
Crystal Schimpf, Library Director
Sherry Williams, Eula Kozma: Library Trustees
Jay Lyon, Fire Chief
Michael Williams, Information Technology Officer (ITO)
Bob Brown, Sue Andrews, Rob Prohl: Conservation Commission

Approval of Minutes of May 18, 2022

Joe Cardillo noted typographical errors on pages 3 and 4 of the minutes for correction.

Joe Cardillo asked about the discussion from the last meeting concerning whether members Lyndsay Harkins and Lou Botta could serve on the Budget Committee¹. He noted that the issue of Lyndsay Harkins serving on the Municipal Budget Committee was determined not to affect the Budget Committee's process but questioned if town counsel was contacted for an opinion on whether Lou Botta, as Emergency Management Director, was addressed. Kim Hallquist noted that a legal opinion was received and shared with the Budget Committee back in May – there is no issue with Lou Botta, Emergency Management Director serving as a member of the Budget Committee. She noted that at that time she asked any member who wanted a second opinion to let her know; none did, so it is her understanding that the issue of Lou and Lyndsay's membership on the Budget Committee has been put to rest unless the committee would like to discuss it further. There was no further discussion.

¹ RSA 32:15, V: No selectman, town manager, member of the school board, village district commissioner, full-time employee, or part-time department head of the town, school district or village district or other associated agency shall serve as a member-at-large. Every member-at-large shall be domiciled in the town or district adopting this subdivision and shall cease to hold office immediately upon ceasing to be so domiciled.

It was moved (Joe Cardillo) and seconded (Colin Beasley) to approve the minutes of the May 18, 2022 meeting as amended. THE MINUTES WERE APPROVED UNANIMOUSLY.

Selectmen's Report

Selectman Helm reported that under financial management, the Selectmen have completed its budget that resulted in a 2.1% increase in operating costs; the 2022 tax rate was set last week at \$4.80, as approved by the DRA, overall tax rate, including school and county, is \$15.86 up from \$15.39 from last year. Those in the water precinct will see a substantial increases. For ongoing projects, the Selectmen are working on entering into a P&S to purchase the land on County Road and Newport Road to bring the purchase to Town Meeting; the amount for the payment on the loan and interest is included in the budget so it is available should Town Meeting voters approve the purchase. Work continues on the upgrades to Whipple Hall that were approved last March, most recently discussions were held about chairs and tables. In the area of enforcement, the Selectmen have been working on a fireworks ordinance and on speeding issues throughout the town.

John Wilson inquired if the \$4.80 town tax rate included the use of surplus. Selectman Helm noted that it includes the use of \$450,000. Joe Cardillo asked how much was used last year, Selectman Helm noted that \$450,000 was used last year and for several years previous to that, it has been consistent at \$450,000.

FY2024 Budget Review:

Budget Introduction

Town Administrator Kim Halquist noted that as Selectmen Helm pointed out, the operating budget including transfer to capital reserves is up just over 2%, this modest increase was possible due to the 51% reduction to payments to capital reserve funds. She noted that this is a strategy that has been used in the past as a way to keep the overall budget increase down, in this case the operating budget is up 9% however the overall increase is lowered with the reduction of capital reserve transfers. Kim reminded everyone that it means that next year they may have to increase funding to catch up.

The Selectmen have not yet determined the amount of employee COLA so they have included \$200,000 in the budget to cover the cost of COLA and also to fund the results of the salary study that is expected to be completed in the spring. Employee health insurance rates are expected to be no more than a 17.9% increase, the final rates should be known in February. The budget also includes step increases according to the step plan that was adopted by the Selectmen after the last salary study.

Highlighting some new items included in the budget:

- budget software in the amount of \$25,000,
- tablets for election workers in the amount of \$10,700,
- funds for pistols in the police department, the Chief reduced the amount of the original request by \$14,000 understanding that the budget is up this year, and
- The New London Bike Walk Coalition requests \$22,000: \$10,000 for bike racks and \$12,000 for an engineering study.

Capital Improvement Program (CIP)

Adam Ricker presented the 2022 CIP noting the CIP is a function of the Planning Board. The CIP Committee included Planning Board members Paul Gorman who chaired the committee, Paul Vance, Emily Campbell and Tim Paradis and Lyndsay Harkins who served as the Budget Committee rep for the second year in a row. Adam urged members to review both the narrative and the spreadsheet for each department as the narrative only includes a project or two of note, not all of the items that are included in the CIP.

Colin Beasley asked which items from the CIP are in the budget, and which items are in the budget but not the CIP. Adam replied that those questions should be directed to the individual departments as the CIP is not a funding tool, the Planning Board must think independently from the budget and pointed out that the CIP wraps up prior to the Selectmen's review of its budget. He noted that he was not aware of any department requests not being included in the budget. Joe Cardillo noted that as they get to the capital reserve funds they may find that there are items not funded in the budget. Chris Lorio asked if the reductions to the capital reserve accounts were accounted for in the CIP, Adam noted that it was not as this CIP process started in the summer, before the selectmen made decisions on its budget. Colin suggested that committee members keep the CIP in mind when it goes through the various department budgets to see if department goals will be met. John Wilson noted that software to assist the tracking of capital reserve funds is something they have talked about for some years and he would like to see it happen as often changes in the costs of items are not reflected in the capital reserve fund schedule that is used for funding. Selectman Helm agreed and suggested that after Town Meeting the selectmen and budget committee should meet to have a discussion of these issues.

Joe Cardillo pointed out that the current town operating budget is up 9%. The town budget is not the only impact on the budget, there is also the county and the school. His understands that the school budget will also be up 9% this year – these are unprecedented increases. In order to get to the 2.4% increase the selectmen had to make some hard decisions and they reduced the payments to capital reserves by 51.3%. Joe noted that he hopes the school will also be able to make reductions like the selectmen did.

Colin Beasley asked that the committee think about some guiding principles concerning wants and needs, and if they can defer on wants for a future year. As he goes through the budget he will be asking whether something is a want or a need. In thinking about the taxpayer, he noted that for those that say \$1,000 here or there is not much, he noted that \$100,000 is 10% of the general operating budget. Lou Botta agreed but cautioned that its not just about cutting, it is about providing services to the citizens. He agrees that having guiding principles is a good idea but not to just cut. Chris Lorio asked about the sheet that estimates the tax rate, Lynn Lewis, Finance Officer, will provide it. John Wilson pointed out that cutting capital reserves does not reduce the services provided that year, it may mean delaying the purchase of a vehicle or paving a road for a year – Chris noted that it is not just about delaying, it also increases the costs when the items are purchased later. John agreed. Colin noted that the capital reserves are like a piggy bank, and the total is \$2.3 million dollars.

Joe Cardillo noted that the 9% increases in the town's operating budget during these unprecedented times. The selectmen worked for weeks on the budget and could only find \$11,000 in reductions. There are increases for employee expenses which are important to not jeopardize the staff we have and the services that are provided to the community. The reductions to the capital reserve funds was not across the board as originally suggested but with consideration to upcoming needs of each department; he suggested that not all will be happy with the reductions. Joe noted that the committee's charge is to look at the detail and see if they can do better.

Capital Reserve Funds: Capital Outlays and Transfers In

Kim Hallquist went through the capital reserves transfers in and transfers out that are included in the Selectmen's budget. Colin asked if money could be transferred among capital reserve accounts. She answered that transfers between accounts could only be made with a vote of Town Meeting. She pointed out that once in the CRF it can only be used for that purpose, the Trustees would not hand it over unless they saw a valid vote for that purpose, however Town Meeting voters could vote to

change the purpose of a CRF or to close it entirely, which has been done in the past and there will likely be one closed this year.

Review of CRF recommended deposits and withdrawals proposed:

Town Buildings Maintenance: Deposit \$100,000; Expend: \$87,000

Kim Hallquist noted that the cost to replace the fire station roof was nearly twice the expected cost so \$100,000 is recommended to be added to the fund. Upcoming projects include the roof on the Academy Building and replacing the generator at the Police Station.

Computer Maintenance and Replacement: Deposit: \$12,000; Expend -0-

Kim Hallquist noted that the fund was originally started to address the high costs of replacing the town's computer servers, when they cost several thousand dollars. Mike Williams, ITO, informed the committee that this fund is now used to save for future upgrade to the town's computer systems including going to a cloud-based storage system. Colin Beasley asked if the police department budget request for a new computer could come from this fund, Kim Hallquist noted that it could.

Master Plan Update: No deposit or expenditure

Municipal & Regional Transportation Fund: \$5 per registration fee is deposited; Expend: -0-

Kim Hallquist explained the fund can be used for transportation related projects like roads, bridges and sidewalks. Deposits are made from fees collected for car registrations.

Energy Projects: Deposit \$15,000; Expend: -0-

Records Management System: Deposit: -0-; expenditure \$30,000

Kim Hallquist noted the project has not been started so the balance in the account should be enough to get started. Colin Beasley inquired why the chart does not show future years deposits. She noted that while decisions on future budgets have not been made, staff put in numbers future years as place holders, Lynn Lewis can carry out the \$30,000 into subsequent years.

Fire Vehicle: Deposit: \$105,000; Expenditure: \$132,303

Town Vehicle & Equipment Repair: Deposit: \$5,000; Expend: -0-

Fire Breathing Apparatus: Deposit: \$5,000; Expend: -0-

Fire Department Radio Replacement: Deposit: \$15,000; Expend: -0-

Communications Equipment: Deposit: \$17,000; Expend: -0-

Police Equipment: Deposit: \$5,000; Expend: -0-

Sidewalks: No deposit or expenditure

Kim Hallquist noted that many people have expressed support for sidewalks and the zero deposit should not be seen as lack of support for sidewalks as there are funds available in the Municipal & Regional Transportation Funds for that purpose.

Highway Equipment: Deposit: \$130,000; Expend: \$317,832

Gravel Road Paving: Deposit: -0-; Expenditure: \$174,500

Bridge Repair & Maintenance: No deposit or expenditure

Sewer Department: Deposit \$10,000; Expenditure: -0-

Conservation Land: Deposit \$25,000; Expend: -0-

Bob Brown, Chair of the Conservation Commission, noted that the goal of the Conservation Commission is for the fund to have a balance of \$750,000.

Library Building Maintenance: Deposit \$37,500; Expend: \$85,000

Total transfers to Capital Reserves = \$481,500

Total expenditures from Capital Reserves = \$951,635

Bonded debt: Principal and Interest

Lynn Lewis, Finance Officer, reviewed bonded debt. Most of this includes payments that have already been committed to and are funded. The Bewley property purchase, that will be on the warrant article for a vote at town meeting, has been included with a principal and interest payment. A twenty-year term was estimated but interest rates are changing so it is difficult to determine at this point. Colin Beasley asked why those amounts should be included as they will affect the tax rate if they are not approved at Town Meeting. Kim Hallquist explained that all items in the warrant are included in the budget; after Town Meeting, Lynn Lewis will submit a form to the DRA that lists the appropriations that were approved by voters, items not approved will not be included and will not impact the tax rate.

Tax Anticipated Notes (TANS) - \$1.00

Other Business – The next meeting will be held on November 30, 2022. Administration, Finance, Town Clerk-Tax Collector, Insurance, Assessing, Legal, Personnel Administration and Planning & Zoning budgets will be reviewed.

Motion to adjourn

**It was moved (Lou Botta) and seconded (Joe Cardillo) to adjourn the meeting.
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 7:42PM.

Respectfully submitted,

Trina Dawson,

Recording Secretary
Town of New London