



TOWN OF NEW LONDON, NEW HAMPSHIRE

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**BUDGET COMMITTEE
PUBLIC HEARING
MEETING MINUTES
Wednesday, February 2, 2022
6:30 PM, Whipple Town Hall**

BUDGET COMMITTEE MEMBERS PRESENT: Chris Lorio, (Chair) Joe Cardillo (Vice Chair), Jerry Coogan, Hannah Bianchi, John Raby, Colin Beasley, Michael Williams, John Cannon (Selectmen's Representative)

MEMBERS ABSENT: Lyndsay Harkins, Melissa Leintz

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

OTHERS PRESENT: Jay Lyon, Fire Chief, Crystal Schimpf, Tracy Library Director, Adam Ricker, Town Planner, Will Kidder, Town Clerk/Tax Collector, Lt. David Keith, Bill Helm, Celeste Cook, Bob Bowers, Janet Haines

Chair Lorio open the public hearing and recognized Town Administrator Kim Hallquist for an overview of the budget.

Budget Overview

Town Administrator Kim Hallquist reported the acoustic panels are up and we are close to having Whipple Hall all set up for meetings. TV monitors and A/V equipment will be installed hopefully by April 2022. Citizens will be able to view all board and committee meetings from home once all the work has been completed.

The general operating budget is up 6.2%. The increased costs we are all experiencing are the reason for that and it is impacting the budget. Transfers to capital reserves is up 14.8% for an overall increase 7.1%. This is the increase that effects the tax rate. When a tax rate is given at this time of the year it is a guesstimate since we don't know the amounts that will make up the tax rate which include the budget, the assessed valuation of the town, the amount of exemptions and credits, the Selectmen's decision on use of the unreserved fund balance and revenues that will offset the tax rate. However, conservative guesstimates have been used regarding the budget being presented tonight and would result in a tax rate of \$4.88, an increase of .40¢ per \$1,000. The budget presented here tonight has been well thought out and provides the funds necessary for the services that the town expects.

Ms. Hallquist provided some of the highlights of the proposed budget:

- Employee compensation – this budget includes a 4.5% COLA for employees on July 1, 2022 and also funds the step program where employees receive a step increase upon a successful evaluation on their anniversary. The COLA is the highest given by the town to employees in many years and reflects the increased cost of living we are experiencing. New London has the best trained and most capable employees in the entire state so other employers would

naturally steal them if they could; she noted that some employees have been approached with job offers and we have had 3 employees leave in the past year so it is critical that we have competitive pay and benefits to keep the great team we have.

- Health Insurance – we don't know what that number is tonight but we have a maximum-not-to-exceed increase of 5.4%; that is what is included in the budget. We should have the actual rate increase in March, the rate is effective July 1st.
- The budget also includes \$15,000 for a compensation study. The last study was done in 2016 and in the past few years we have seen we cannot hire employees at step 1 or 2 which we should be able to, and instead are often starting at steps 4 or 5. To ensure we are being fair to employees and taxpayers we need to evaluate our pay compensation system. It is critical that we have great pay and benefits to keep the great team we have and a compensation study will help to ensure this.
- Voters will be asked to enter into a long-term lease purchase agreement for a fire truck in the amount of \$946,000. Fire apparatus costs are going up extremely fast and this will allow us to lock in the price of the fire truck. The budget also includes the first payment of \$356,500. A public hearing on this issue will be held on Thursday, February 17, 2022 as required by law.
- There will be a warrant article in the amount of \$600,000 for renovations to Whipple Hall and Buker.
- A new capital reserve fund will be requested in the amount of \$30,000 to fund a records retention system. This will allow the town to digitize its paper records which will free up more storage space and perhaps more importantly, make records more easily accessible to both staff and the public.
- A fifth dispatcher has been included in this budget. The dispatching center is staffed 24 hours a day seven days a week and having only four dispatchers puts pressure on all the other dispatchers as shifts need to be covered during sickness, vacation and high-volume times when there is a need for two dispatchers at a time. Relying on part time employees was becoming unreliable and the Chief felt having a fifth dispatcher will allow for stability and alleviate some of the stress.
- The New London Archives budget includes \$25,000 for new movable shelving.
- \$15,000 for the Housing Commission and \$15,000 for the Planning board has been included in the budget to hire consultants for initiatives they are working on.
- The budget includes an estimate of revenues and will be revised in October when the Selectmen set the tax rate. Revenues are up by over 25% due largely to including the \$600,000 from the bond and \$400,000 in increased funds from capital reserve funds.

Ms. Hallquist thanked all town department heads and staff who work hard every day to serve the town extremely well and who use the resources that have been given to them wisely. Ms. Hallquist thanked Finance Officer, Lynn Lewis who is new to this position and who did an excellent job working through the budget process for the first time and for her work on the annual audit. She noted that the preliminary audit is in and the town is in excellent financial condition, thanks to the oversight of Treasurer Steve Theroux and the day-to-day work of Lynn Lewis. She also thanked former Finance Officer Wendy Johnson who made herself available for questions and helped throughout this budget process and audit. She also thanked the Budget Committee for working with Department Heads to ensure they have the resources they need to do the jobs expected of them.

Public comments

Bill Helm addressed the Budget Committee and stated he wanted to draw attention to the proposed warrant article for \$600,000 for Whipple Hall and Buker renovations and repairs. He recommended

that the budget committee not support this article. He believes in the words of the statute that it is not a prudent appropriation of public funds. He noted that three out of seven budget committee members are also on the building and facilities committee that is recommending these expenditures. Several reasons he does not think it is a prudent expenditure are:

- Proposed uses are not consistent with recommendations of January 2021 report to Selectmen from former Selectmen's panel on Fiscal policy and long-term debt.
- Process leading up to placing this article on warrant has not been very visible. The July 2021 Mires report was discussed by the Board of Selectmen on in August 2021 and not again before a vote in January 2022. There has been no apparent discussion with the budget committee.
- The amount requested includes excessive "placeholders", "rounding up", and "miscellaneous" as well as construction level "adjustment for project management".
- Other expenditures from the Mires report (acoustic panel, AV equipment) have been funded from operating budget. Why can't some of these items be funded that way as well?
- Wrong timing given significant (8+%) projected increase in 2023 town tax rate based on proposed budget.

The Budget Committee was presented with a breakdown of items included in the \$600,000 warrant article proposal as follows:

Summarizing the outstanding recommendations from Dennis' 7/16/21 report:

1. Assume that wall panels will provide sufficient acoustic control, so carpeting or padded seating in the balcony won't be provided.
2. \$5,000, lighting – LED bulbs
3. \$25,000, additional lighting, recessed or track at ceiling.
4. \$83,000, chairs
5. \$14,000, tables
6. \$7500 power for tables
7. \$20,000 storm windows
8. \$10,000 roof insulation
9. \$7,500 upgrade ceiling fans
10. \$50,000, air conditioning/heating
11. \$18,000 power for air conditioning / heating
12. \$60,000 sprinklers, Whipple and Buker
13. \$20,000, balcony rails (may not need to do this if balcony won't be used in the near term)
14. \$20,000 picture rail
15. \$20,000 miscellaneous blocking, cutting and patching, electrical work (some of this was for A/V but don't know how much)
16. \$20,000 interior painting
17. \$5,000 roof maintenance
18. \$10,000 exterior building base repairs
19. \$15,000 exterior paint
20. \$50,000 Ceiling Acoustic Plaster (Note: this is a placeholder should the acoustics need further improvement: roughly speaking, as I recall, the walls provide about 30-35% acoustic performance improvement and the ceiling close to that as well, with the back at about 20% and the balcony at 10%.

Total: \$460,000

Adjustment for Covid / Supply Chain risks (5%): \$483,000

Adjustment for project management (20%): \$579,600

Roundup Total: \$600,000

Colin Beasley stated the prices were estimated about a year ago so they (Building & Facilities Committee) added 5% to deal with supply chain issues and other variables of inflation. They also learned from the Buker building project that without project management things can fall apart easily. It is a complex process in terms of when things need to be scheduled and scoped in. It is important based on members of the committee who are experts in this area who strongly urged them to do this. As a citizen he feels it would be good to use Whipple Hall for as many purposes as possible and give people who use it a better way to use it. Putting it all into one project and managing it in a way that we can turn around and tell the town we now have a town hall that is useful for multiple purposes, has been modernized and is good for the next 25 years.

Janet Haines commented in regard to what is appropriate to wind up as part of a bond issue she referenced the following five items from the Selectmen's adopted Fiscal Policy:

- Protect the health and safety of employees and/or the community at large.
- Significantly improve the efficiency of existing services.
- Preserve a previous capital investment made.
- Significantly reduce future operating costs or increase future operating revenues.
- Preserve the rural nature of the community through the acquisition of land for conservation purposes.

Ms. Haines would willingly accept the items being added to the tax base instead of via a bond. The 20 items listed under the \$600,000 bond issue includes things such as \$20,000 for painting a picture wall but this does not work for her as a taxpayer. She asks that they review the decision of the Selectmen and vote not to do this at this time.

Selectboard Chair Cannon responded that this was an important vote given the pressure that has been put on Whipple Hall to hold meetings and spacing requirements during the pandemic. There is a feeling in town that this is a valuable space for the community and could serve nice purposes with the improvements that are being suggested. There was concern about the cost, but this will help protect and preserve the rural nature of the town.

Bill Helm stated there isn't disagreement that most these expenditures should be made at some point but perhaps the amount of the bond could be reduced. There was a question about whether the bond amount could be changed. Ms. Hallquist stated the Selectmen could meet again and change their mind about it or someone could stand up at Town Meeting to reduce the amount. Mr. Helm feels there could be room for compromise and it should be reconsidered pointing out that it is a large appropriation and a number of these items could be done with normal operating funds.

Joe Cardillo responded that he respectfully disagrees pointing out that there are plenty of requests that come before the Selectmen and Budget Committee that require them to rely on the people that have given them the information. This proposal has been analyzed and reviewed for over a year. He has confidence in these numbers and even though there may be excess it's hard to predict as these numbers came in awhile ago. The numbers could also come in higher once they go to buy what is needed and run the risk of not being able to complete the job that has been started. Mr. Cardillo feels these improvements will protect the health and safety of employees. This will improve the efficiency of existing services and preserving precious capital investments. He is very comfortable moving forward and putting it before the voters at Town Meeting, noting that this is a good way to achieve results which will benefit this community greatly.

John Raby stated from what has heard there doesn't seem to be any objection to the need to bring about improvement in this building. Nor does there seem to be any dispute about getting the work done as soon as possible. What is under dispute is the amount. He would like to know what should be cut on the list that was presented. Mr. Helm stated all of the items 1-12 are probably legitimate, but he is unsure if there still needs to be \$60,000 for sprinklers. Items 13-20 should be considered normal operating things that could be done anytime. It is a slippery slope when you start saying let's throw that into a bond. He still maintains the 20% project management fee is steep. Based on this, something around \$250,000 would cover the items 1-12 on the list. He asks the Budget Committee to reject the bond proposal, ask the Selectmen to have a longer discussion about this and come back with a number that is about half the size they have approved. He pointed out that the agenda where this topic was addressed originally did not include the item and a revised agenda was issued, making it appear to be a last-minute item. Colin Beasley noted that he and Town Administrator Kim Hallquist had several exchanges about this for two or three months in advance and it just happened to be an oversight that it was left off the agenda, this agenda item wasn't a last-minute item at all.

It was moved (Michael Williams) and seconded (Joe Cardillo) to call the question. THE MOTION WAS APPROVED UNANIMOUSLY.

It was moved (Michael Williams) and seconded (John Raby) to recommend the bond in the amount of \$600,000. THE MOTION WAS APPROVED UNANIMOUSLY.

Finance Officer Lynn Lewis read aloud each section of the budget as presented, members were encouraged to stop her should they have questions or wish to make comments.

Operating Budget

It was moved (Joe Cardillo) and seconded (Michael Williams) to accept the general operating budget in the amount of \$7,774,277.

Colin Beasley stated he is not going to vote to approve the operating budget. He feels further fiscal analysis and investigation could be done. Following up on his very first question a few weeks ago, he stated the order of information flow and the Budget Committee's consideration moving forward should be modified so there is full prospective visibility about the consequences of their decisions. They need to be better informed with respect to questions they may ask. For example, if they knew the tax rate would increase 9%, their questions and recommendations might be different. He is voting no and wanted to speak during this process to make a point that going forward we need to be better informed and understand all parts of the budget. We need to make inquiries with Department Heads and work with them and look for opportunities, so our operating budget doesn't go to 14 million dollars in a few years.

THE VOTE ON THE MOTION: THE MOTION WAS APPROVED 7-1; Colin Beasley opposed.

Transfers to Capital Reserves

It was moved (John Raby) and seconded (Joe Cardillo) to accept the transfers to capital reserves budget in the amount of \$967,510. THE MOTION WAS APPROVED UNANIMOUSLY.

Capital Outlays

It was moved (Michael Williams) and seconded (Jerry Coogan) to accept the Capital Outlays budget in the amount of \$1,565,539. THE MOTION WAS APPROVED UNANIMOUSLY.

Sewer fund

It was moved (Michael Williams) and seconded (John Raby) to accept the sewer fund total in the amount of \$1,213,177. THE MOTION WAS APPROVED UNANIMOUSLY.

Sewer

It was moved (Michael Williams) and seconded (John Raby) to accept the sewer budget in the amount of \$11,520,503. THE MOTION WAS APPROVED. Colin Beasley opposed.

Revenue

It was moved (Joe Cardillo) and seconded (John Raby) to accept the revenue budget in the amount of \$3,616,127. THE MOTION WAS APPROVED UNANIMOUSLY.

Sewer operating

It was moved (John Raby) and seconded (Michael Williams) to accept the sewer fund total in the amount of \$1,369,175. THE MOTION WAS APPROVED.

It was moved (Michael Williams) and seconded (John Raby) to accept the grand total revenue budget in the amount of \$4,985,302. THE MOTION WAS APPROVED.

Other Business

Michael Williams asked about the improvement process for next year. Chris Lorio stated they can discuss it but he would like the new members of the budget committee to be a part of that process so would like to wait until after the election. Joe Cardillo agrees that new members should be a part of it but he thinks it would be ok to set a meeting schedule for after March. The Budget Committee decided to meet on March 23, 2022.

Budget Committee members were encouraged to come to the Selectmen's Office to sign the budget as approved.

Motion to adjourn

It was moved (Michael Williams) and seconded (John Raby) to adjourn the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting adjourned at 7:43PM.

Respectfully submitted,

Trina Dawson,
Recording Secretary
Town of New London