



TOWN OF NEW LONDON, NEW HAMPSHIRE

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**BUDGET COMMITTEE
PUBLIC HEARING
MEETING MINUTES
Wednesday, February 8, 2023
6:30 PM, Whipple Town Hall**

BUDGET COMMITTEE MEMBERS PRESENT: Joe Cardillo (Vice Chair), Lou Botta, Lyndsay Harkins, John Wilson, Colin Beasley, Melissa Leintz, Mark Christensen, Bill Helm (Selectmen's Representative)

MEMBERS ABSENT: Chris Lorio

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

OTHERS PRESENT:

Jamie Hess, Energy Committee Chair
Bob Lyon, New London resident
Renate Kannler, New London resident
Bebe Hammond Casey, New London resident
Peter Bianchi, New London resident
Bob Harrington, Public Works Director
Lt. David Keith, New London Police Department
Adam Ricker, Planning & Zoning Administrator
Crystal Schimpf, Tracy Library Director
Dan Lewis, New London resident
Will Kidder, Town Clerk-Tax Collector

Mike Williams, New London resident
Sherry Williams, Tracy Library Trustee
Phyllis Piotrow, New London resident
Joe Kubit, Trustee of Trust Funds
Phil Sherman, New London resident
Perter Nichols, Housing Commission Chair
Putnam Kidder, Recreation Director
Janet Kidder, Selectman
Nancy Rollins, Chair Board of Selectmen
Jay Lyon, Fire Chief
Karen Epstein, New London resident

In the absence of Chair Lorio, Vice-Chair Cardillo opened the Public Hearing and welcomed all in attendance. He explained that the budget under review is the fiscal year 2024 budget and it represents a lot of work on behalf of the Budget Committee, Selectmen, town staff and members of the public over many meetings and he thanked everyone for their participation on the process.

Overview by Town Administrator

Kim Hallquist, Town Administrator, began by thanking everyone for their participation in the process of preparing the budget that is being presented. She noted that the work we are here tonight to discuss is the foundation of Town Meeting, that will be held on Tuesday and Wednesday, March 14th and 15th. In New London we split Town Meeting into two parts: the first is for the election of officers and voting on zoning amendments and the next day is to vote on the remainder of the warrant. Citizens have the right to submit petitions to include items on the warrant of the Town Meeting and this year citizens exercised that right by submitting a petition for a zoning amendment and a petition for an appropriation of money to purchase land. It's nice to see that citizens in New

London are engaged and exercise their right to petition the meeting to act on items they feel are important.

This hearing is to present the Budget Committee's recommended budget that will be voted on at the Town Meeting on Wednesday, March 15th.

The general operating budget that is being reviewed tonight has an increase of 8.7%, the same increase as the 8.7% social security increase for 2023. Of the \$11.9 million dollar budget that will be discussed tonight, the operating budget represents \$8.4 million dollars; about 71% of the budget. The operating budget includes funding to run all departments, boards and committees, town insurance and legal fees, payment of town debt, payments to various community organizations that perform a myriad of services to the community. Basically, the operating budget covers the town's bills that are paid every two weeks – and allows the town to operate, hence the name operating budget.

To address the 8.7% increase in the operating budget, the Selectmen and Budget Committee reduced payments to the capital reserve accounts by 51%. Capital reserve funds are the town's savings accounts and reducing the payments will not impact the services provided to citizens during the budget year.

When the reductions to capital reserves are factored in, the increase in spending that will impact the tax rate is 2.1%. Acknowledging that many would prefer a zero increase or better yet a reduction, Ms. Hallquist suggested that hopefully all could agree that 2.1% is very reasonable given the state of the economy and rising prices.

There were two petitioned warrant articles this year, one for a zoning amendment and one for the purchase of the Bewley property.

There will be 3 bond issues presented at Town Meeting. They will all require a 3/5 to pass:

- An addition of \$275,000 will be requested for repairs to Whipple Hall, this will be added to the \$600,000 that was approved last year.
- The Public Works Department submitted an application for replacement of wastewater generators through the Clean Water State Revolving Fund. This is a program with a 25% loan forgiveness. These generators have been identified in the sewer asset management plan as needing replacement. The town's application scored 2nd out of 107 applications. There will be a warrant article for this \$300,000 program to allow the town to accept the loan and 25% forgiveness. If the loan is awarded, the first payment will be in 2025, so there is no payment included in this budget.

Ms. Hallquist noted that in addition to this grant application submitted by Public Works Director Bob Harrington, Police, Fire, Conservation Commission, Energy Committee and Waste Reduction Committee have applied for and received grant funds that helps to lower the need for appropriations in the budget.

- A petition to purchase the Bewley property in the amount of \$375,000. The Selectmen met earlier in the evening and voted 2-1 to recommend the purchase.

These three bonds have been added to the budget along with principal and interest payments if applicable. If one or more of the bonds is not approved at Town Meeting, that amount will not be included when the tax rate is set in October.

Revenues – the budget includes an estimate of revenues. This estimate will be revised in October when the Selectmen set the tax rate. Revenues are down in this budget about \$100,000, which is mainly due to an expected reduction in rooms and meals tax from the State of NH.

Remember, the town's biggest non-property tax source of revenue is motor vehicle registrations – more than \$1,000,000 comes from that source which reduces the amount to be raised by property taxes.

Ms. Hallquist noted that typically during her presentation she gives an estimated tax rate if all of appropriations are approved, however this year it is not possible to give a reliable estimate because the town will undergo a statistical update for all property values to bring them closer to fair market value. Currently the town is at 62.5% of fair market value – we expect it to be closer to 100% for the 2023 tax rate. Given that, it would not be prudent to hazard a guess today as to the tax rate since we have no idea what the property value of the town will be at tax rating setting time. Keeping in mind the 2.1% increase in the budget should give people an idea that spending is up so their property taxes will likely go up as well.

Lyndsay Harkins asked what percentage amount of tax dollars goes to the school and to the county and what is left for the Budget Committee to deal with. Lynn Lewis reported that the 2022 tax rate was: \$4.80 for the town, \$2.59 for the County, Local school rate \$7.09, state school \$1.38 and \$1.22 water. Ms. Harkins noted that the Budget Committee is dealing with a very small portion of the amount collected through taxes and she wanted to make clear that a large portion goes to the school and she felt that people should take a close look at that area instead of spending so much time on minor expenses in the town budget. Ms. Lewis reported that the percentage of expenditures to the various entities is: Of the \$20 million appropriated the Town is 30%; County is 16%; Local school 45%; and State School: 9%. 70% is money that is not included in the local budget process.

Peter Bianchi noted that he is concerned with the transfers to the capital reserves and the planned cuts for the upcoming budget, noting that the cuts will have to be made up in future years resulting in 'kicking the can down the road'. Chair Cardillo agreed and noted that the decision to cut was made as there was no appetite to make cuts in the area of personnel. He noted that it may require putting off the purchases of large items, like a dump truck, for a year.

Bob Lyon asked about the \$275,000 for Whipple Hall that is being added to the \$600,000 from last year. Phil Sherman noted that part of it is 'scope creep' and most of it is increased prices – the committee did not escalate the estimated cost enough. The 'scope creep' includes \$25,000 to replace the heating units that make a lot of noise. To date, the wall acoustic panels and AV have been done, left to do is sprinkler system, acoustic panels for the ceiling, AC, some minor exterior repairs, chairs and tables. Mr. Sherman noted that the project is primarily a Whipple Hall project to make it useable for meetings, with a small portion to include sprinkler in part of Buker.

Phyllis Piotrow noted that for the first time in 15 years she agrees with Peter Bianchi that the town is kicking the can down the road. She disagreed with the strategy of putting off payments to capital reserves as she felt it was 'penny wise and pound foolish'.

Ms. Piotrow noted that she continues to believe that police training should be encouraged as she felt that police departments are being trained in a para-military environment. The new director of Police

Standards and Training Council appears to be working to increase training in mental health issues or other communication strategies. She commended the work of Police Chief Cobb for sending an officer for this special training. Ms. Piotrow encouraged Budget Committee members to make a trip to Concord to check the training that police officers get. It was pointed out that Chief Cobb was recently appointed by the Governor to the Police Standards and Training Council.

Whipple Hall repairs and renovations: \$275,000 bond

Chair Cardillo asked the members to consider the new appropriation for \$275,000 for the Whipple Hall renovations. Selectman Helm noted that the Selectmen voted unanimously to recommend the article.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Lou Botta) to recommend the article for \$275,000 bond for Whipple Hall renovations.

Vote on the motion: Helm, Botta, Wilson, Cardillo, Bianchi, Leintz, Beasley voted Yes; Christensen and Harkins voted No. THE MOTION WAS APPROVED: 7-2.

Sewer Generators: \$300,000 bond with loan forgiveness

Selectman Helm informed the committee that the Selectmen voted unanimously to recommend the article.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Melissa Leintz) to recommend the article for \$300,000 for sewer generator upgrades. THE MOTION WAS APPROVED UNANIMOUSLY

Purchase of Bewley Property - \$375,000 bond

Chair Cardillo noted that there is a petitioned warrant in the amount of \$375,000 for the purchase of the Bewley property. The Selectmen voted earlier 2-1 to recommend the article.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Mark Christensen) to recommend the article for \$375,000 to purchase the Bewley property.

Selectman Helm explained that the Selectmen withdrew plans for the warrant article when the appraisal came in under the \$375,000. The article came in as a petition, so the Selectmen have no say over how the article appears on the warrant. Colin Beasley explained that he would be voting no as he does not feel that the town should pay so much over the appraised value. Chair Cardillo noted that while he is opposed to the article and how the process went down, he is happy that this issue will go before the voters.

There was a discussion of the warrant and the articles that will be placed on the warrant for a vote by voters at Town Meeting. The warrant and articles will be included in the Town Report that will be available before Town Meeting.

Mark Christensen noted that he hoped the town would show more leadership now than was shown in the past when there was a building on the school property that was not acquired for town use. He will be voting in favor of the purchase so the town can get a new police facility.

The vote on the motion to recommend the article: Helm, Botta, Christensen, Leintz, Harkin: YES; Wilson, Cardillo, Bianchi, Beasley: NO. THE MOTION PASSED 5-4.

\$50,000 for expenditures related to planning for a new police facility

Chair Cardillo reviewed the \$50,000 article included by the Selectmen:

“To see if the Town will vote to raise and appropriate the sum of fifty thousand dollars for expenditures related to developing a plan for a new police facility at an identified site; expenditures could include engineering, concept design, survey, environmental testing, project cost estimating, among other building and site investigations.”

Mr. Christensen asked if this article is separate from all of the other studies done to date on a new police facility. Selectman Helm noted that the Selectmen have never done a study on a site other than the Buker site. The amount requested will allow the Selectmen to prepare a plan to bring to Town Meeting.

Mr. Beasley noted that back in 2018 the Harriman study designed a building next door to the police station; another study looked at the existing building to see if it would work for the police needs. This new study would look for a facility on a new site. Mr. Beasley disagreed with the process as the full plan, price and tax impact is not known and it should be known before it is brought to the voters. Selectman Helm responded that \$50,000 is needed to bring that information to the voters. Mr. Beasley pointed out that the \$50,000 should not be spent until a site is identified and the full scope of the costs are made clear to the voters; this information can be secured using volunteers in town with expertise in those areas.

Bob Lyon suggested that information be made available to townspeople so they will understand why there is a need for a new police station as he has no background on it that would allow him to have an opinion on it.

A vote on recommendation by the Budget Committee of the appropriation of \$50,000 was taken: Helm, Botta, Wilson, Christensen, Cardillo, Harkins: YES; Bianchi, Leintz, Beasley: NO. The Budget Committee recommends the article 6-3

The Budget Committee reviewed the general operating budget and asked if there were any questions/comments.

Phil Sherman pointed out that the town owns buildings of 60,000 square feet of space valued at about \$18 million dollars. A rule of thumb is that 10% per year should be spent on repairs and maintenance, \$1.8 million in this case. Looking at the current budget, only \$31,500 is appropriated, less than 1% of the recommended amount. Mr. Sherman suggested that \$40,000 be appropriated to get a capital asset management plan, that would include software and a study of the condition and needs of the buildings, so that the Town can plan for future expenditures as the current practice is not working, pointing out that the town is continually surprised at repairs needed like the fire station roof.

Chair Cardillo asked if anyone wanted to increase the budget to add the expense for the software. Mr. Beasley pointed out that the unassigned fund balance is at \$2+ million dollars which is the highest it has been.

IT WAS MOVED (Colin Beasley) AND SECONDED (Lou Botta) to provide \$40,000 to account for asset management software system so the town can manage its facilities and assets more effectively.

John Wilson noted that the town has a lot of software and it does not seem to be integrated; he hopes that the town looks into all of its software to integrate it. He is in favor of Phil's recommendation however he does not want to buy it only to find that it could be integrated with other existing software.

Phil Sherman noted that Bob Harrington has been looking into various software packages but has not yet found one. Mr. Sherman agreed with John Wilson that it should be incorporated with all the town's software if possible. Until the right software is determined, the town's buildings could be listed on a spreadsheet with the applicable information that could then be transferred to the asset management software purchased at a later date. His point in bringing the issue up is that something should be done now. Chair Cardillo noted that with this additional information he is less inclined to include the \$40,000 in this year's budget.

Colin Beasley withdrew his motion and thanked Phil Sherman for raising the issue with the Committee.

A VOTE TO APPROVE THE OPERATING BUDGET IN THE AMOUNT OF \$11,928,700 WAS TAKEN. Helm, Botta, Wilson, Christensen, Cardillo, Bianchi, Leintz, Harkins: YES; Beasley: NO. THE MOTION PASSED 8-1

The committee reviewed estimated revenues that will be included with the budget: \$5,001,032.

A VOTE TO APPROVE ESTIMATED REVENUES IN THE AMOUNT OF \$5,001,032 WAS TAKEN. ALL WERE IN FAVOR; THE MOTION WAS APPROVED UNANIMOUSLY.

Approval of meeting minutes:

IT WAS MOVED (Lyndsay Harkins) AND SECONDED (Melissa Leintz) to approve the minutes of January 4, 2023. THE MINUTES WERE APPROVED UNANIMOUSLY.

IT WAS MOVED (Joe Cardillo) AND SECONDED (Hannah Bianchi) to approve the minutes of January 11, 2023. THE MINUTES WERE APPROVED UNANIMOUSLY.

Chair Cardillo asked if there were any other comments or questions. Colin Beasley asked if the Budget Committee would be meeting again. Chair Cardillo noted that the committee's work is done with the exception of signing the budget. Mr. Beasley asked how the Selectmen will engage the Budget Committee in looking at various issues like dispatching, building repairs and maintenance, among other items. Selectman Helm noted that until the new Board of Selectmen is constituted, he won't know, however he will be recommending that the two bodies meet to discuss those issues. Mr. Beasley asked about the wage study; Kim Hallquist responded that it would be started in the Spring.

Jamie Hess, Energy Committee, asked if the Capital Reserve Funds had already been decided. Chair Cardillo noted that capital reserve payments were reduced this year to lessen the increase in the operating budget. Mr. Hess noted that the fund was started to allow for the purchase of the solar array when the option to buy comes up in 2026; if the funds are not available at that time the town will not be able to purchase the system. The option is only available every five years. Chair Cardillo asked if the purchase price is known; Mr. Hess noted that IRS regulations do not allow for a price to be set at the beginning as the price must be the fair market value at the time of the purchase by the town. Colin Beasley suggested that Jamie participate in upcoming capital reserve fund discussions when an estimate of the amount the town will need to have available will be discussed. Mr. Hess agreed.

Karen Epstein commented on statements about free electricity and pointed out that the electricity is not actually free, there must be an investment of town funds. Colin Beasley agreed, pointing out that

when the time comes to consider purchasing the solar system there will be a discussion of the upfront investment and the time it will take to recover those costs.

Chair Cardillo thanked everyone for coming out to the Public Hearing and for participating in the process.

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

The meeting adjourned at 7:57PM.

Respectfully submitted,

Kimberly Hallquist
Town Administrator