



TOWN OF NEW LONDON, NEW HAMPSHIRE

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**NEW LONDON BUDGET COMMITTEE
MEETING MINUTES
Wednesday, June 7, 2023
Kearsarge Professional Development Center
6:30 PM**

BUDGET COMMITTEE PRESENT: Chris Lorio (chair), John Wilson, Lyndsay Harkins, Hannah Bianchi, Melissa Leintz, Mark Christensen (via Zoom), Lou Botta, Colin Beasley, Charles Kelsey

SELECTMEN PRESENT: Bill Helm, Bebe Hammond Casey

ALSO PRESENT:

Kim Hallquist, Town Administrator

Lynn Lewis, Finance Officer

Bob Harrington, Public Works Director

Emily Cobb, New London Police Chief

Jay Lyon, New London Fire Chief

Will Kidder, New London Tax Collector

Crystal Schimpf, Tracy Library Director

Michael Williams, New London Information Technology Officer

Phil Sherman, Whipple Hall Project Committee

Joe Kubit, Trustee of the Trust Funds

Jim Steproe, Trustee of the Trust Funds

Joe Cardillo, New London resident

John Lewis, New London resident

Nancy Marashio, New London resident

The Budget Committee and Selectmen met jointly to discuss Capital Reserve Funds.

Chris Lorio informed the Budget Committee that committee member Mark Christensen is out of state and is asking to participate via zoom. In order to participate remotely, the Budget Committee needs to approve this.

IT WAS MOVED (Lou Botta) AND SECONDED (Melissa Leintz) to allow Mark Christensen to participate in the Budget Committee meeting via zoom. THE MOTION WAS APPROVED UNANIMOUSLY.

Budget Committee Meeting Minutes: Minutes of May 24th

John Wilson stated on page two with regards to elections, it isn't accurate to state there were four votes for a candidate and four votes against. When you have multiple candidates, you vote for them or you vote for another candidate. Kim Hallquist responded she agrees with what Mr. Wilson is saying but what is in the minutes actually reflects what was done at the meeting.

IT WAS MOVED (Lou Botta) AND SECONDED (Melissa Leintz) to accept the minutes of the May 24, 2023 meeting. Mark Christensen: yes, Charles Kelsey: yes, Lyndsay Harkins: yes, Lou Botta:

yes, John Wilson: yes, Chris Lorio: yes, Melissa Leintz: yes, Colin Beasley: yes, Hannah Bianchi: yes. Bebe Casey abstained. THE MINUTES WERE APPROVED UNANIMOUSLY.

Elect Chair/Vice Chair

Chris Lorio stated at the last meeting there were two nominations that did not end in the election of a Chair. Lyndsay Harkins stated she would like to withdraw her name but would like to nominate Chris Lorio to serve as Chair of the Budget Committee.

John Wilson stated he would like to nominate Colin Beasley. Hannah Bianchi asked if Mr. Beasley would be interested in being the Vice-Chair. Mr. Beasley responded, either one is fine, but chair is his first choice.

IT WAS MOVED (Lyndsay Harkins) AND SECONDED (Lou Botta) to elect Chris Lorio as Budget Committee Chair. Mark Christensen: yes, Charles Kelsey: yes, Lyndsay Harkins: yes, Lou Botta: yes, John Wilson: no, Colin Beasley: no, Melissa Leintz: yes, Hannah Bianchi: yes. THE MOTION WAS APPROVED.

IT WAS MOVED (John Wilson) AND SECONDED (Hannah Bianchi) to elect Colin Beasley as Budget Committee Chair. THE MOTION DID NOT PASS.

Chair Lorio asked for nominations for Vice-chair. Melissa Leintz nominated Colin Beasley.

IT WAS MOVED (Melissa Leintz) AND SECONDED (Charles Kelsey) to elect Colin Beasley as Budget Committee Vice-Chair. Mark Christensen: yes, Charles Kelsey: yes, Lyndsay Harkins: yes, Lou Botta: yes, John Wilson: yes, Chris Lorio: yes, Melissa Leintz: yes, Hannah Bianchi: yes. THE MOTION WAS APPROVED.

Capital Reserve Fund Details

Selectman Helm stated the objective tonight is to explore the topic of reserve funds as they are used in New London. Selectman Helm suggested that they briefly review the statutes governing the reserves. Selectman Helm distributed a document that describes the statutes. The town is allowed to establish both capital reserve funds and expendable trust funds. In 1995 the Legislature enacted an amendment to clarify the same provisions apply to both capital reserve funds and expendable trust funds, regardless of what the fund is called or the statutory authority under which it was established. Therefore, the term reserve fund commonly refers to both capital reserve funds and expendable trust funds.

Reserve funds can be established to finance capital projects, capital acquisitions, extraordinary legal fees, and/or to fund maintenance or operational costs. Withdrawing money from a reserve fund requires a vote of the legislative body or town meeting at an annual meeting unless the town meeting has named agents to expend from a reserve fund. If agents to expend have been designated, it does not have to go back to town meeting every time an appropriation is made but it can only be made for which the fund was established. It is important to understand in each case what the purpose of the fund is.

After a purpose for which a reserve fund is established has been determined, no change can be made to the purpose until such change has been authorized by a two-third vote at a town meeting. All reserve funds are held in the custody of the trustees of the trust funds. Trustee of the Trust fund elected officials, Joe Kubit and Jim Steproe attended the meeting.

Joe Kubit stated they are an independent group that manages the funds and determines if requests for money meet the requirements of what the fund was established for. Charles Kelsey asked if funds invested in short-term, interest-bearing instruments. Joe Kubit responded they manage different types of funds that have different purposes. For town money and school district money, they are limited to buying CD's, US Treasury's and government bonds. It is also dependent on having an idea on when the funds will be needed.

Lyndsay Harkins discussed requests that are time sensitive and having to wait for Town Meeting, specifically property acquisition and real estate transactions. Kim Hallquist responded that currently, the Selectmen don't have authority to purchase land without a vote at town meeting. Ms. Harkins asked if this could be discussed again to make a capital reserve fund to purchase land. Ms. Hallquist stated not only would the Selectmen have to be agents to expend for that the capital reserve, but they'd also need to have the ability to purchase land without a vote of Town Meeting. The Selectmen don't have the ability to purchase land without a town vote.

Colin Beasley asked if they could look at the details of all the original warrant articles. He'd like greater clarity for what each of the articles actually say. Ms. Hallquist responded that the document that was created for their review includes the phrases that were pertinent to that warrant article. Mr. Beasley stated he would caution using the words capital reserves, as reserves. Unless the warrant article explicitly states capital, then arguably it could be for either capital or expense. For each account do we want more general language or more specific language. General language opens up the opportunity to use it for other things so when emergencies come about, there is access to it without being constrained by specific terms.

Selectman Helm stated there are five issues that should be addressed, including is the purpose of each existing reserve fund clearly stated and if not, what should be done about it?

Another issue is should any existing fund be closed? Selectman Helm suggested as an example, that the GIS update be closed as it has no balance in it. Chris Lorio said the question would be would there eventually be another GIS update. Selectman Helm responded they would have to go town meeting anyway to appropriate funds for it. Colin Beasley stated they should have a conversation at some point about consolidating funds to provide greater flexibility. Chris Lorio responded this would need to be voted on. Charles Kelsey feels consolidation makes a lot of sense. One example is building maintenance as there are a lot of buildings that are separated out. If it was a consolidated fund, it would give greater latitude in time of need. He also proposed an information technology reserve fund of which a GIS item might fall within. He pointed out that as we look to the future, there may be more technology related opportunities and needs. Information Technology Officer Michael Williams responded there is a non-capital reserve account for computer maintenance. Chair Lorio stated there should be discussion around computers and the cost in general of services and software.

Is the distinction between reserve funds for maintenance, and annual operating budgets for maintenance clear? Is there a "target fund size" for any of the existing reserve funds? Should there be such targets for any existing reserve funds? Bebe Casey shared with regards to the School Board budget, there are targets for all of their reserve accounts and these were set based on discussions with different department heads. She feels this is good practice. Colin Beasley asked if equipment asset life assumption be looked at as well? Gathering this information in advance would give us a sense of longer-term financial planning. This can help identify, over a number of years, how much money needs to be collected. Selectman Helm responded that they have had that in the form of a spreadsheet that the Finance Officer has provided. The CIP also reviews with department heads the appropriate dollar amounts to put into those funds. Chris Lorio commented that they need to keep in mind that at times, the Budget Committee and the Selectmen have decided to reduce or cut deposits into reserves. We can continue to target dollars but have to hold

ourselves accountable to meet those targets even when times are tough. Mr. Beasley stated this was not talked about last year when decisions were made and it's important to understand the implications of doing that. Chair Lorio stated the department heads are having those conversations and they plan for that as part of their job. The department heads do the long-term planning but they are at the mercy of the Budget Committee and Selectmen during difficult times. Chair Lorio stated if we are going to have target funds, we should try to meet target funds. If there is a year when the target is not met, then when times are better, we should try to put more money in there to meet those funds. John Wilson agrees but has seen years when specific funds have been overfunded and money that is put in there is locked up and trapped. He's hoping the new software can provide running totals to make sure they are properly funded.

Charles Kelsey asked if there was any metric that could direct the total value of capital reserve funds using a percentage instead of setting individual fund targets? To simplify, could a warrant be developed to fund a percentage versus specific items. Chair Lorio clarified it would still be dollars, but then those dollars have to be allocated to each reserve fund. Kim Hallquist stated the amount of money has to be specific at the time of the Town Meeting vote. Voters at town meeting approve the specific amount of money for specific funds.

Selectman Helm wanted to discuss the distinction between funds for maintenance and annual operating budgets for maintenance. Selectman Helm checked with Kim Hallquist to see if there were any real guidelines around what qualifies for which category, she was not aware of any. Chair Lorio stated there may be gray areas and those would have to be discussed. John Wilson would like to review the past 10 years as it would be interesting to see what the flow of capital was. He stated it would also be helpful to have a document that shows projections of replacement equipment with the anticipated price.

Colin Beasley inquired as to whether there is any value in benchmarking the numbers against other towns of similar size. Chris Lorio stated we could, but we would have to dive into each department to know if everything was exactly the same. It could raise a lot of questions we don't have answers to.

IT WAS MOVED (John Wilson) AND SECONDED (Lyndsay Harkins) to close the Budget Committee portion of the meeting. THE MOTION WAS APPROVED UNANIMOUSLY.

The Selectmen continued with their meeting.

Respectfully submitted,
Trina Dawson
Recording Secretary
Town of New London