



TOWN OF  
NEW LONDON, NEW HAMPSHIRE

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**Budget Meeting  
DRAFT Minutes  
October 10, 2012**

**PRESENT:**

Jim Wheeler, Budget Committee Chair, Doug Homan, Peter Bianchi, Rob Prohl, Ben Cushing, Bill Green, Ann Bedard, John Wilson, Larry Dufault

**STAFF:**

Kim Hallquist, Town Administrator  
Wendy Johnson, Finance Officer

**OTHERS PRESENT:**

Tina Helm, Board of Selectmen  
Chad Denning, Recreation Director  
Jason Lyon, Fire Chief  
Bruce Hudson & Renate Kannler, New London Residents

Chair Wheeler called the meeting to order at 7:01pm. He noted that the meeting was intended to be organizational in nature, and he welcomed new members, Rob Prohl and Larry Dufault to the Budget Committee. He noted that the Committee should elect a chairman for the upcoming budget year.

**IT WAS MOVED (Bill Green) AND SECONDED (Ben Cushing) to nominate Jim Wheeler as the Chairman of the Budget Committee. THE MOTION WAS APPROVED UNANIMOUSLY.**

Chair Wheeler referenced the schedule of meetings he previously sent out to the members at the end of August.

The next meeting is planned for January 23, 2013. Subsequent meetings would be held on February 6, 13, 20 and 27. There will be no meetings in March. April 3<sup>rd</sup> is reserved for another meeting, should it be deemed necessary. April 9<sup>th</sup> will be the first public hearing. If a second hearing is necessary, it will be on April 11<sup>th</sup>. Town Meeting would be held on Wednesday May 15<sup>th</sup> and elections conducted the day before, May 14<sup>th</sup>.

Chair Wheeler explained that they would have subcommittees that will meet with the department heads and go over their needs for the upcoming budget year. He decided that they would have two-person subcommittees this year and he would try to get in on the meetings, himself. They are considered public meetings and have to be noticed. Anyone can go to any of these meetings if they have an interest. He would like the meetings to be completed by November 5<sup>th</sup>. The subcommittees would be staffed by the following Budget Committee members:

Public Works Department – Mr. Wilson and Mr. Green

Police and Fire Departments – Mr. Homan and Mr. Dufault  
Administration and Finance – Mr. Prohl and Ms. Bedard  
Recreation and Library – Mr. Cushing and Mr. Cardillo

Mr. Homan asked if the Board of Selectmen had talked about setting a goal for the department heads. Chair Bianchi said that they don't have a specific percentage for them to stay at/under, but have asked department heads to come in lean and will talk through each item with them. They will begin on November 13<sup>th</sup> talking with the department heads about their budgets in a series of four meetings.

Mr. Homan asked if the department heads would come to the meetings prepared to discuss their entire budget. He felt that the department heads should be managing their entire budget, not just the consumables. Mr. Bianchi said that the personnel aspects (insurance, salaries) are controlled by the Board of Selectmen and it is not the duty of the department heads to project or plan for these things. Ms. Hallquist said the department heads would be prepared to discuss their staffing levels however they are not going to be prepared to say what raises would be requested or which insurance plans will be used.

Mr. Bianchi said that the Selectmen formed an employee committee composed of employees from each department who will look at the personnel policy to see if there should be updates made to it. Ms. Hallquist said that their recommendations will be presented to the Board of Selectmen and may or may not be adopted by the Board. Chair Bianchi said the intent was to not have this review driven by the department heads, so no department heads are on the committee. They hoped to have a preliminary draft before the Budget Committee started their deliberations. Mr. Green asked what the employees have been given for benchmarks and guidelines to follow in this update. Chair Bianchi said they are using the LGC guidelines for what other towns are doing for sick leave, benefits, etc. Ms. Hallquist thought it was important to get the opinions of the employees and to have them be vested in the discussion. They have had three meetings so far and have one left. They are taking this task very seriously and are working at it.

Ms. Helm said that she encouraged Budget Committee members to attend the Board of Selectmen's deliberations this year, as they would then hear the Board's dialogue and thought process. Last year they worked in isolation but she felt that with the Budget Committee at their meetings, they could benefit from the additional information. Chair Wheeler asked if the Budget Committee would be invited to participate in the meetings and make suggestions. Ms. Helm said it would be up to the Chair of the Board of Selectmen, but if it was up to her she would welcome input. Mr. Bianchi said that he would welcome input from whoever attends the meetings. It was noted that members of the Budget Committee would be in attendance as residents of New London, but not as representatives of the Budget Committee.

Mr. Wilson said he was concerned with no guideline being set for the department heads. Three or four years ago Bob Meck mentioned giving them a guideline and the idea caught on. The department heads seem to appreciate having the guideline to keep their budgets in check. It has been more straightforward and pleasant doing it this way. Mr. Wilson wondered why this was being changed.

Ms. Hallquist said that the change was her doing; she was surprised that this is how they were asking their department heads to create their budgets. By doing it this way, the Selectmen and Budget Committee never really hear about what the department heads think they need because Department Heads feels they must stay within the pre-set guidelines. Without a guideline, they are going to come in with whatever items they need, and have to be ready to explain each and every increase. Doing it this way does require more work on all parts as choices must be examined and explained, and in some cases the Selectmen (and later Budget Committee) will have to say no. Ms. Hallquist stressed that it is worth the extra effort as it is the only way to hear what department heads truly feel they need.

Mr. Homan said he thought the CPI for 2012 was less than 2%. He also thought the process needed to be managed by the Board of Selectmen. Ms. Hallquist agreed. She said when the department heads come in with what they feel they need, the selectmen may cut the items or increase the budgets. She said there is no way she could keep building maintenance to zero or 1%. Some of the buildings need more work than they did last year. Other areas they may have caught up on things that could be lower than what had been spent last year. There is no incentive to make changes if they keep everything at a pre-set percentage.

Mr. Homan felt a better process would be to put all the department heads in the same room and have them understand that if they are going to tackle the building maintenance issue, money has to come from somewhere else. Ms. Hallquist said there is no reason this can't happen the way they are doing it now. All the department heads can share what they are asking for. They know that they can't just ask for whatever they want and they will get it. Ms. Hallquist stressed that she was confident that all department heads are responsible enough to ask only for what they truly believe they need and they know that any increase will be looked at carefully. Ms. Hallquist said that the Board of Selectmen may have to say "no" more than they did in the past.

Mr. Wilson said he could see Ms. Hallquist's position, but the guideline was a melding of financial times and is a way to say where they and the Board of Selectmen are in those times. He wasn't sure that her way of thinking takes this into consideration. Ms. Hallquist said if they all come in at 5% they can look at what each department has asked for and they will cut some departments to make up for what is needed in others. If they truly want to know what the department heads need, they should be able to tell them in this way. The department heads are not trying to waste money, they want to save money and they all run their departments as efficiently as they can.

Mr. Homan said in his past experience with the department heads, he would not have defined the budgets that came in as "needs" as much as they were "wants." He said the budget at this point was hers and he wished her good luck. Ms. Hallquist said that when the budget gets to the Budget Committee, they can, and will, make adjustments as they deem appropriate. Mr. Homan said he felt the department heads should be more vested in the process and be on the same page understanding the tough times. Ms. Hallquist said that she felt the department heads understand this. The Budget Committee may have to make hard choices sometimes and will have to cut

some things but that is what the Budget Committee is all about: adding and subtracting based on what is in the best interest of the town.

Mr. Bianchi said that the Selectmen spent a lot of time discussing this way of communicating with the department heads. He said they told the department heads that this would still be a tight budget and was not a carte blanche to get whatever they wanted. They don't want to micro-manage but they will try and see how it works doing it this way. Ms. Hallquist said she would take the blame if it didn't work. It would be harder for the department heads, the Board of Selectmen, and the Budget Committee, who will have to look closely to see what they will recommend at Town Meeting.

Mr. Homan said that the Budget Committee could give the budget back to the Board of Selectmen and make them come down to a percentage if they wanted. Mr. Wheeler noted that this is not the appropriate procedure. In the past this was done but the Board of Selectmen took it back voluntarily.

Mr. Green didn't understand how the salaries and fringe benefits can be separated from the operating budgets. It would make sense for the department heads to take these things into account when creating their budgets. Ms. Hallquist said they are aware of the increases in retirement and in insurance and will be keeping that in mind as they prepare their budgets. Mr. Homan said that a savings in the town will only be made if they are willing to cut positions.

Ms. Bedard said that she was disappointed with not going in with a guideline but appreciated where Ms. Hallquist was coming from. The department heads have a better idea of what the Budget Committee wants today than they did in the past. They know that the Budget Committee is sitting there ready to cut and they cannot present a major increase to the town unless it is absolutely necessary. They want to hear what the departments need, not want.

#### Minutes of April 9, 2012

**IT WAS MOVED (Bill Green) AND SECONDED (Ann Bedard) to approve the minutes of April 9, 2012, as circulated. THE MOTION WAS APPROVED UNANIMOUSLY.**

#### CIP Subcommittee

Chair Wheeler said that this series of subcommittee meetings had been completed. The CIP is a Planning Board function and they will be creating the CIP this year. He and Mr. Homan were there at the CIP meetings to represent the Budget Committee. He commented that Lucy St. John (Planning & Zoning Administrator) did a good job organizing the meetings.

Chair Wheeler said that they met with the department heads about the current tables and needs of their departments. The process now is for the Planning Board to take the subcommittee's recommendations of changes, deliberate over the next couple meetings, and present a formal CIP report to the Board of Selectmen. The Selectmen will then deliberate and give the budget to the Budget Committee. At this point it looked like the contributions to the capital reserves would be about \$55,000 more than last year. That can be offset by \$35,000 possibly, if they trade in the fire truck.

Mr. Wilson asked about the Fire Department's asking for \$21,000 - \$22,000 for the refurbishment of the engine. Chief Lyon said that this cost would be spread over a two-year period so it wouldn't be all at once.

Mr. Wilson asked about the \$20,000 contribution to the Sidewalk Fund this year. Chair Wheeler said he would get a breakdown of the request to him as he didn't have all the details with him that evening.

Mr. Homan said they had some discussions about not reserving funds for maintenance of equipment within the CIP in the future. They will probably live with what has been budgeted to date, but will change to having the maintenance being done as needed and not per a set schedule. They all agreed that the operating budget was the appropriate place for maintenance costs to reside. Chief Lyon said that the issue the Fire Department had, and why it was recommended and approved to have maintenance costs be put in the CIP, was because a \$500,000 piece of apparatus is costly to fix. If they don't have money in their budget, they have to take money out of the operating budget. Mr. Homan said that if things break, they will get things fixed. There will be spikes, but they will average out and be much easier to budget for. The Board of Selectmen has the discretion to move money within budgets and departments. Chair Wheeler said nothing was changed for this year but it will be reviewed next year.

Mr. Green asked about a maintenance fund for town buildings and wondered if anything had been set up. Ms. Hallquist said there is a capital reserve fund for the buildings and a line item for each building.

#### Constituent Feedback

Chair Wheeler asked if there had been any remarks heard from constituents in the town regarding the budget. Mr. Green said he felt they were in same economic atmosphere they were during the last three years. Mr. Cushing said the number of homes for sale in town is down a little from what it was last year. In 2006 there were 9-10 houses for sale. Now it is 88. Mr. Cushing said there were over 100 homes for sale a couple months ago.

Mr. Homan thought the budget for the previous decade was out of control and they have a lot of work to do. The employees in the community are critically important to the health of the community and they take care of them. They are going to have a more and more difficult job keeping increases to a modest amount.

Ms. Bedard said there is a much larger age range in the town that has adjusted both downward and upward. She has heard both ends of the spectrum with "wants" and "don't wants." She felt that things had gotten back under control in the past couple years.

Chair Wheeler said he hasn't seen any significant obvious increase in people's capacity to spend or earn money. He still feels they are not out of the woods. They aren't going down more, but from a real estate and general perspective they are treading water. He felt they owed it to the taxpayers to reflect that condition in the budget they present at Town Meeting.

Mr. Prohl left the meeting at 8:02pm.

Chair Wheeler noted that a meeting held the previous Saturday regarding the fate of the 1941 building was heavily attended. Gary Markoff gave input which was necessary for illumination. The purpose was to gather input from the general public regarding the building. It was clear that everyone in the room wanted the town to own the building as opposed to leasing it. A lot of non-profits were represented there advocating for it. There were no answers on how to acquire the building right now but it will have to be part of the 2014 budget if the Town decides to go forward with it. It appears that the Town will need to be involved financially, to some extent, if the project is to succeed.

Mr. Bianchi said that the school board put out a Request for Proposals (RFP) for what should happen to the building. They advertised as far away as Boston. The school board is open to various ideas. It is costing \$50,000 each year to maintain and heat the building and they are looking to rent or possibly sell the building to get rid of the expense. At a past CAC meeting many said that they wanted the town to get involved. The school would like it squared away in time for their budgetary process. They all know the town has no money right now to take the building over. They have formed a committee of seven people to go before the school board and negotiate for them to give it to the Town. The committee would be meeting on Monday, Oct. 15 at 1:00 to discuss the issue. If the town is involved in it, there will be financial commitment. If a proposal from someone else who wants to buy or rent the building for \$50,000 year, it might be a moot point. They just don't know yet.

Mr. Bianchi said that the building in question is the 1941 building, the cafeteria, the downstairs shop area and the old gym. Mr. Green said that knowing what they know of the building, if the school district was willing to give the property to the town, would they accept that type of arrangement? Mr. Bianchi said they can't take it without money. The school district will understand that no money will be available until the next budget cycle. The Town and the committee will have to come up with a proposal for a capital improvement plan or a loan. It would be a public/private approach. Ms. Helm said that it wasn't totally clear that the Town should have a major financial commitment. It was more that they wanted to form a public/private relationship. The committee members are: Hardy Hasenfuss, Rob Prohl, Casey Biuso, Cicely Markoff, Steve Theroux, Dave Kidder, and one Board of Selectmen member.

Mr. Homan thought the town would become a major player in this. With the sewer bond starting soon and who knows what the Elkins Dam (aka Pleasant Lake Dam) would cost, it could pose a real problem. Mr. Green recalled that when the school board was selling the new middle school they rendered the building useless and said it would cost more to fix it up than what the property was worth. Mr. Bianchi said the SAU is in the new part of the building, which is not part of the deal. He also commented that Mr. Wolf has said that they would prefer to lease the property, and not sell it, to be prepared in the event that the population increased enough to need another school.

Ms. Bedard asked about the zoning of the 1941 building property. It was said that it was within the IR zone. Ms. Karen Ebel said at the meeting on Saturday that any town use of the building would be exempt from zoning but if a for-profit business wanted to go in or if they wanted to have residential units in there, it would all be subject to zoning and site plan review.

Mr. Homan said that if the building had a functional use, he would be behind it 100%. Buying something they don't need for an undisclosed or undetermined amount of money was not something he could support. They already have a committee to lead them down the road to buying the property which he felt was wrong. Mr. Bianchi said the committee was just organized to see what the options were. They are not committed to spending any money.

Mr. Dufault said that the building would most likely be demolished if the school district doesn't give it to the town.

Mr. Bianchi said that there is a need for space in town. They rent Whipple Hall to the Barn Playhouse and to other organizations. COA needs more room. The Outing Club has rented part of the old middle school and has renovated part of it.

Mr. Homan said the organizations Mr. Bianchi just mentioned were regional and were not town organizations. He said if there is a need and anyone wants to participate, he would be all for it. He felt this need should be demonstrated before they go forward.

Ms. Helm said that the Board of Selectmen is only responding to what they are hearing from people in town. They are asking them to look into it further. They have made no decisions and they do not foresee this being a financial drain on the town. They represent the people in town and owe it to the large number of people who have expressed interest to find out more. They are trying to facilitate an extension of the discussion to get more facts and not start out with a negative base but instead a neutral one. The committee will find the facts and come to the Selectmen. She eventually foresees putting a warrant before Town Meeting in May where they will get a very realistic reading on how a broad base of taxpayers and voters feel. Nothing is cast in stone now and Ms. Helm said she felt it important to give the people a voice. They are collecting data at this point to make an informed decision. Mr. Homan said if it was on the ballot, he would support it, but not if it is supported by only 150 people attending the evening Town Meeting.

Chair Wheeler asked if the committee would look into financing options or how to acquire the building. Mr. Bianchi said that isn't what they are charged with for now. Ms. Helm said it would be her hope that some of those numbers could come to the surface in their research to find out what the costs would be. Chair Wheeler said a warrant couldn't be put on the ballot until they know the costs. Mr. Bianchi said there are hard numbers available, which were generated by an architect. A public/private partnership would be critical.

Chair Wheeler said that it was understood at the meeting that if the cost was exorbitant, the people wouldn't be so excited about acquiring the building. Ms. Helm said they are not going to throw something at the people without having some numbers first.

Ms. Bedard thought that before they jump any further, they need to see if the town really feels the 1941 building should be preserved.

Mr. Green didn't see how a town municipality has the experience, expertise or the ability to run this building.

Board of Selectmen's Update

Mr. Bianchi said they are still negotiating the Sunapee project. The Selectmen will be considering a Capital Reserve Fund contribution for the Pleasant Lake Dam. They are still negotiating with the engineers for the Elkins project. An increase in state retirement costs will affect the budgets. Wendy Johnson said that the regular retirement is going up an average of 23%. Police is going up 27% and Fire is going up 21%. She thought it would mean about a 1% increase in the overall budget. Mr. Bianchi said they haven't seen any rates on insurance from LGC yet. They have no control over retirement costs but they can control the insurance costs. He added that there were a lot of upkeep expenses on buildings that should not be deferred any longer.

Mr. Bianchi said that the Police Department has hired a full-time employee in the last month. Mr. Lee has also hired a highway person. One person left earlier in the year he wasn't going to replace. Instead, he asked for more part-time help money and has found some part-time help. Another person had left and has been replaced. Recently, another position has become open and is a critical position, which will be advertised soon.

**IT WAS MOVED (Bill Green) AND SECONDED (Doug Homan) to adjourn.  
THE MOTION WAS APPROVED UNANIMOUSLY.**

The meeting adjourned at 8:40pm.

Respectfully submitted,

Kristy Heath, Recording Secretary  
Town of New London