

LONDONDERRY BUDGET COMMITTEE

**Minutes of the Meeting of
1/24/08**

The regular meeting of the Budget Committee was held January 24, 2008 in the Moose Hill Conference Room, Town Hall, 268B Mammoth Road, Londonderry.

Committee Members Present: Tom Freda – Chairman, Sean O’Keefe – Vice Chairman, Mike Brown, John Robinson, Jay Hooley

Other Officials Present: Kathy Wagner – Town Council Liaison, Dave Caron – Town Manager, Sue Hickey – Asst Town Manager

I. CALL TO ORDER : The meeting was called to order at 7:02 by Mr. Freda.

II. COMMITTEE WORK

A. Approval of Meeting Minutes of Approval of Meeting Minutes of **January 17, 2008**.

A motion was made by John Robinson to approve the minutes, amended for proper recording of motion on article 2 section B of January 17, 2007, second by Mike Brown.

The vote on the motion was as follows:

Member	For	Against	Abstain	Absent
Tom Freda, Chairman	X			
Sean O’Keefe, Vice Chairman	X			
Mike Brown	X			
Tom Dolan				X
Jay Hooley, Secretary	X			
John Robinson	X			
Totals	5			1

III. NEW BUSINESS

A motion was made by Sean O’Keefe second by John Robinson to go into Non public session Mr. Robinson requested a clarification on the reasons for going into non-public session, Mr. Caron explained the reasons.

The roll call vote on the motion was as follows.

Member	For	Against	Abstain	Absent
Tom Freda, Chairman	X			
Sean O’Keefe, Vice Chairman	X			
Mike Brown	X			
Tom Dolan				X
Jay Hooley, Secretary	X			
John Robinson	X			
Totals	5			1

A motion was made by Sean O’Keefe second by Mike Brown to return from non-public session. The roll call vote on the motion was as follows.

Member	For	Against	Abstain	Absent
Tom Freda, Chairman	X			
Sean O’Keefe, Vice Chairman	X			
Mike Brown	X			
Tom Dolan				X
Jay Hooley, Secretary	X			
John Robinson	X			
Totals	5			1

Public meeting resumed at 8:20 p.m. A motion was made by Sean O’Keefe second by Mike Brown to seal the minutes of the non-public session. The vote on the motion was as follows.

Member	For	Against	Abstain	Absent
Tom Freda, Chairman	X			
Sean O’Keefe, Vice Chairman	X			
Mike Brown	X			
Tom Dolan				X
Jay Hooley, Secretary	X			
John Robinson	X			

Totals	5			1
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A. Final Review, Discussion and Vote on Recommendations for Town Warrant Articles

There was consensus that discussion of the warrant would take place, voting to follow at a subsequent meeting, after Town Council votes.

ARTICLE NO. 2 [BOND ISSUE FOR HIGHWAY RECONSTRUCTION]

To see if the Town will vote to raise and appropriate **ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$ 1,500,000)** for the reconstruction of roads.

Said sum to be raised by the issuance of serial bonds or notes not to exceed **ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)** under and in compliance with the provisions of the Municipal Finance Act (NH Revised Statutes Annotated Chapter 33) and to authorize the Town Council to issue and negotiate such bonds or notes, to determine the rate(s) of interest thereon and to take such other actions as may be necessary to effect the issuance, negotiation, sale and delivery of such bonds or notes as shall be in the best interest of the Town of Londonderry, and to authorize the Town Council to accept any funds from the State of New Hampshire, the Federal Government, and private sources, as may become available, and pass any vote relating thereto and further, to raise and appropriate **FIFTY SEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$57,500)** for the first year’s interest payment and bond issuance costs on said bond and to authorize the transfer of the June 30 fund balance in that amount for this purpose. (Ballot Vote – 60% approval required)

(If passed, this article will require the Town to raise \$0 in property taxes, resulting in a tax rate impact of \$0.00 in FY 09; \$210,000 in property taxes, resulting in a tax rate impact of \$0.06 in FY 10; and \$204,000 in property taxes, resulting in a tax rate impact of \$0.06 in FY11, based upon projected assessed values.)

Mike Brown questioned whether we should spend this money at this time in light of current “financial situation”, and with the 5.1 million dollar bond for South School. Jay Hooley responded that it would be best to “stick with the game plan” for road re-construction, rather than have peaks and valleys in road repair funding.

Tom Freda to long term debt balance, and that he felt that this should not be put off in light of other projects being planned.

Sean O’Keefe indicated that he is leaning toward supporting this bond.

Tom Freda mentioned the \$200,000 that could be added to budget if this bond does not pass.

Sue Hickey stated that road bonds would be for 10 years, based on average life expectancy.

Glen Douglas spoke from the audience regarding the “life cycle” of roads associated costs increasing with repairs the later in the life cycle they occur.

ARTICLE NO. 3 *[FUND SPECIAL REVENUE ACCOUNTS]*

To see if the Town will vote to raise and appropriate the sums set forth below from the special revenue funds already established. Such appropriations shall be used for the purpose of covering Police Outside Details, Cable and Sewer Expenses, and shall be funded from various vendors and users of Police, Cable and Sewer Services. Any surplus in said funds shall not be deemed part of the General Fund accumulated surplus and shall be expended only after a vote by the legislative body to appropriate a specific amount from said funds for a specific purpose related to the purpose of the funds or source of revenue.

Sewer Division Fund	\$2,056,212
Cable Franchise Fee Fund	265,930
Police Outside Detail Fund	<u>434,839</u>
	\$2,756,981

(These services are funded through user fees and require no property tax support)

Mr. Robinson noted that this is a local franchise fee, and as such, is the subject of current conversation in Washington DC.

ARTICLE NO. 4 *[EXPENDABLE MAINTENANCE TRUST FUND]*

To see if the Town will vote to raise and appropriate the sum of **TWO HUNDRED FIVE THOUSAND DOLLARS (\$205,000)** to be placed in the Town's Maintenance Trust Fund created by the voters at the 2003 Town Meeting for the purpose of repairing and maintaining town facilities and to authorize the use of the June 30 Fund Balance in the amount of \$100,000 towards this appropriation.

(If passed, this article will require the Town to raise \$105,000 in property taxes, resulting in a tax rate impact of \$0.03 in FY 09 based upon projected assessed values.)

Mr. Caron noted that use of undesignated fund balance is not a sustainable source of income.

ARTICLE NO. 5 *[FISCAL YEAR 2009 TOWN OPERATING BUDGET]*

To raise such sums of money and make appropriations of the same as may be necessary to defray Town charges, exclusive of warrant articles and increases resulting from collective bargaining agreements, for the ensuing fiscal year, July 1, 2008 through June 30, 2009.

(If passed, this article will require the Town to raise \$13,422,248 in property taxes, resulting in a tax rate impact of \$4.01 in FY 09 based upon projected assessed values.)

Mr. Brown noted that the value in the article represents the locally generated dollars, only part of the total operating budget. Mr. Brown was pleased with direction that the Town is moving in adjusting personnel costs.

Mr. O’Keefe concurred with Mr. Brown, indicating that caution is appropriate in relation to the spending trends.

Mr. Freda inquired about debt service portion of budget. Mr. Caron responded with values. Mr. Freda expressed concern with the debt service load.

Mr. Brown noted that current budget is below default and that staff reductions are a recurring savings in the operating budget.

Mr. Robinson indicated that he felt the Town Council had ‘taken up the challenge’ with budget.

ARTICLE NO. 6 [APPROPRIATE FUNDS TO CAPITAL RESERVE FUNDS TO REPLACE AMBULANCES, HIGHWAY HEAVY EQUIPMENT, FIRE TRUCKS AND HIGHWAY TRUCKS]

To see if the Town will vote to raise and appropriate the sums set forth below to be placed in capital reserve funds already established, to authorize the Town Council to act as agents to expend said funds.

Ambulances	\$ 50,000
Highway Trucks	\$ 70,000
Highway Heavy Equipment	\$ 40,000
Fire Trucks	<u>\$ 160,000</u>
	\$ 320,000

(If passed, this article will require the Town to raise \$320,000.00 in property taxes, resulting in a tax rate impact of \$0.10 in FY 09 based upon projected assessed values.)

Minimal discussion.

ARTICLE NO.7 [BARTLEY HILL/STONEHENGE/LITCHFIELD/MAMMOTH INTERSECTION]

To see if the Town will vote to raise and appropriate **THREE HUNDRED NINETY EIGHT THOUSAND DOLLARS (\$398,000)** for the purpose of supplementing funds appropriated at the 2002 Town Meeting for the reconstruction of the Bartley Hill/Stonehenge/Litchfield/Mammoth Roads intersection and the installation of traffic signals at that location; to authorize the use of the June 30 Fund Balance for this purpose in the amount of \$341,059.00 and to authorize the use of \$56,941 in impact fees assessed for this purpose. The Town’s total investment in the project is \$698,000.00, with the State of New Hampshire funding \$1,396,000.00.

(If passed, this article will require the Town to raise \$0.00 in property taxes, resulting in a tax rate impact of \$0.00 in FY 09 based upon projected assessed values.)

Mr. O’Keefe inquired about State timeline. Mr. Caron indicated that the Town would increase its expense by delaying and losing State portions. Mr. O’Keefe indicated that he would be supportive of this effort.

Mr. Hooley questioned frequency of accidents at this location.

ARTICLE NO. 8: [RATIFY COLLECTIVE BARGAINING AGREEMENT BETWEEN LONDONDERRY ADMINISTRATIVE EMPLOYEES ASSOCIATION and THE TOWN OF LONDONDERRY]

To see if the Town will vote to approve the cost items included in the collective bargaining agreement reached between the Town of Londonderry and the *Londonderry Administrative Employees Association*, which calls for the following appropriations for salaries and benefits over what was raised under any current agreements and policies for the employees of the Union:

<u>Year</u>	<u>Cost Increase</u> From Prev. FY	<u>Tax Increase</u> From Prev. FY ¹	<u>Total Estimated</u> Average <u>Annual Cost</u> <u>Incr.</u>	<u>Salary</u>
FY 07	\$ 0.00	\$ 0.00	0.00	0.0%
FY 08	\$ 59,342.00	\$ 0.02	59,342.00	3.1%
FY 09	\$ 90,238.00	\$ 0.03	149,580.00	3.0%
FY 10	\$ 74,185.00	\$ 0.02	223,765.00	3.0%

and further, to raise and appropriate the sum of \$ **149,580.00** (\$0.05 on the tax rate) for the FY08 & FY 09 expenses, such sum representing the additional cost attributable to the increase in salaries and benefits over those of the appropriation at the current staffing levels paid under any existing agreements. (LAEA represents 26 full time and 1 part time management and professional positions in eight Departments.)

(If passed, this article will require the Town to raise \$149,580.00 in property taxes, resulting in a tax rate increase of \$0.05 in FY 09 based upon projected assessed values.)

Mr. Hooley questioned Mr. Caron as to whether he had accomplished what the Town Council had tasked him with in terms of this contract. He responded in the affirmative.

Mr. Robinson questioned Dave’s comfort with the “trajectory” of the contracts. Mr. Caron indicated that progress was acceptable.

Mr. Brown spoke to his concern with the “aggregate” of benefits in the contract, and his feeling that we did not receive enough give back in negotiation. Specifically, he was concerned with the provisions for both a cost of living raise and a merit raise, including lump sums for employees at “max” in pay scale. He does not feel that the contract is reflective of current compensation in the private sector. He also expressed concern with sick day accrual.

Mr. O’Keefe agreed with Mr. Brown.

Mr. Freda questioned precedent on prolonged negotiation and potential costs of same.

ARTICLE NO. 9 [RATIFY COLLECTIVE BARGAINING AGREEMENT BETWEEN IAFF Local 3160 and THE TOWN OF LONDONDERRY]

To see if the Town will vote to accept the Fact Finder’s report for the Collective Bargaining Agreement between the Town of Londonderry and the International Association of Firefighters (IAFF), Local 3160, and in doing so, to approve the cost items within said Agreement, which calls for the following appropriations for salaries and benefits over what was raised under any current agreements and policies for the employees of the Union:

<u>Year</u>	<u>Cost Increase From Prev. FY</u>	<u>Tax Increase From Prev. FY¹</u>	<u>Total Estimated Annual Cost</u>	<u>Average Rate Incr.</u>
FY 08	\$ 1,809.00	\$ 0.00	\$ 1,809.00	0.0%
FY 09	\$167,430.00	\$ 0.05	169,239.00	12.5%
FY 10	\$ 2,759.00	\$ 0.00	171,998.00	0.0%
FY 11	\$ 68,182.00	\$ 0.02	240,180.00	3.0%

and further, to raise and appropriate the sum of \$ **169,239.00** (\$0.05 on the tax rate) for the FY 08 and FY09 expenses, such sum representing the additional cost attributable to the increase in salaries and benefits over those of the appropriation at the current staffing levels paid under any existing agreements. (IAFF Local 3160 represents 40 full time and 0 part time Fire Department employees.)

(If passed, this article will require the Town to raise \$169,239.00 in property taxes, resulting in a tax rate increase of \$0.05 in FY 09 based upon projected assessed values.)

Mr. Hooley again questioned Mr. Caron on direction from Council and accomplishment in negotiation. Mr. Caron indicated that Council was satisfied with progress.

Mr. Freda expressed concern with benefits that ultimately impact retirements and the affect that the ongoing increased cost of the State Retirement System will have. He stated that the economic viability of the system is in question, as demonstrated in the Steel Industry and Auto Industry. He indicated that the State needs to address this issue. He again referred to his concern with debt service costs in conjunction with retirement system costs.

Mr. Robinson spoke in support of the membership of this group and the work that they do.

Mr. Freda spoke to the “pros vs cons” of public sector employ.

Mr. O’Keefe spoke very emotionally to his feeling that public safety employees do in fact earn their pay, however, this is their choice. Additionally, he spoke to his concern with tax impact overall, and the fact that personnel costs are the greatest driver of local taxes. His greatest concern was with retirement cost impact on the taxpayer.

ARTICLE NO. 10: [RATIFY COLLECTIVE BARGAINING AGREEMENT BETWEEN THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 633 OF NEW HAMPSHIRE & LONDONDERRY LEACH LIBRARY ASSOCIATION and THE LONDONDERRY LEACH PUBLIC LIBRARY BOARD OF TRUSTEES]

To see if the Town will vote to approve the cost items included in the collective bargaining agreement reached between the Londonderry Leach Public Library Board of Trustees and the International Brotherhood of Teamsters Local 633 of New Hampshire & Londonderry Leach Library Association, which calls for the following appropriations for salaries and benefits over what was raised under any current agreements and policies for the employees of the Association:

<u>Year</u>	<u>Cost Increase From Prev. FY</u>	<u>Tax Increase From Prev. FY</u>	<u>Total Estimated Annual Cost</u>	<u>Average Salary Incr.</u>
FY09	\$ 18,445.86	\$ 0.01	\$ 18,445.86	3.0%
FY10	\$ 17,933.42	\$ 0.01	\$ 36,379.28	3.0%
FY11	\$ 20,133.79	\$ 0.01	\$ 56,513.07	3.0%
FY12	\$ 23,656.87	\$ 0.01	\$ 80,169.94	3.0%
FY13	\$ 31,665.46	\$ 0.01	\$111,835.40	3.0%

and further, to raise and appropriate the sum of **\$ 18,446** (\$ 0.01 on tax rate) for the FY09 expenses, such sum representing the additional cost attributable to the increase in salaries and benefits over the appropriation at the current staffing levels paid under any existing agreements.

(Londonderry Leach Library Association represents 7 full time and 7 part time Library employees)

(If passed, this article will require the Town to raise \$18,445.86 in property taxes, resulting in a tax rate increase of \$0.01 in FY 09 based upon projected assessed values.)

The budget committee did not have the benefit of reviewing this contract prior to the meeting.

ARTICLE NO. 11 [TO REVOKE A NON LAPSING FUND]

To see if the Town will vote to revoke the Ecological Industrial Park Expendable Maintenance Trust Fund voted at Town Meeting 2002, Article 5.

Mr. Freda questioned the impact of article 11 on article 12. Mr. Caron explained the formalities of articles 11, 12 and 13. Article 11 is the first “step”.

ARTICLE NO. 12 [ESTABLISH AN EXPENDABLE TRUST FUND FOR THE PURPOSE OF DEVELOPING, PROMOTING AND MARKETING AN ECOLOGICAL INDUSTRIAL PARK]

To see if the Town will vote to raise and appropriate the sum of **FORTY FIVE THOUSAND DOLLARS (\$45,000)** and establish a Trust Fund under the provisions of RSA 31:19a for the purpose of developing, promoting and marketing and Ecological Industrial park, and to authorize the transfer of the June 30 Fund Balance for this purpose; further, to designate the Town Council as agents to expend. This shall be a non-lapsing fund.

(If passed, this article will require the Town to raise \$0.00 in property taxes, resulting in a tax rate impact of \$0.00 in FY 09 based upon projected assessed values.)

ARTICLE NO. 13: [ESTABLISH A NON-CAPITAL RESERVE FUND FOR THE MASTER PLAN]

To see if the Town will vote to establish, pursuant to RSA 35:1-c, a Non-Capital Reserve Fund for the future updating of the Town Master Plan, to raise and appropriate **ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000)** for said purpose, to authorize the use of the June 30 Fund Balance for this purpose, and to designate the Town Council as Agents to Expend.

(If passed, this article will require the Town to raise \$0.00 in property taxes, resulting in a tax rate impact of \$0.00 in FY 09 based upon projected assessed values.)

Mike Brown and John Robinson each noted that this funding might be otherwise allocated.

ARTICLE NO.14 [EMERGENCY GENERATOR]

To see if the Town will vote to raise and appropriate **ONE HUNDRED THOUSAND DOLLARS (\$100,000)** for the purpose of purchasing and installing a generator at Londonderry High School Gymnasium to assist the Town with meeting its emergency preparedness responsibilities, and to authorize the use of the June 30 Fund Balance for this purpose.

(If passed, this article will require the Town to raise \$0.00 in property taxes, resulting in a tax rate impact of \$0.00 in FY 09 based upon projected assessed values.)

Mr. Freda noted that this was originally proposed for School Warrant.

Mr. Brown spoke to the fact that this was circumstantially expedited onto the warrant without a typical vetting process.

ARTICLE NO.15 [HIGHWAY RECONSTRUCTION]

To see if the Town will vote to raise and appropriate **TWO HUNDRED THOUSAND DOLLARS (\$200,000)** for the purpose of funding the reconstruction of roads. (This Article is presented as an alternative to Article 3, and will be retracted if the bond issue passes.)

(If passed, this article will require the Town to raise \$200,000.00 in property taxes, resulting in a tax rate impact of \$0.06 in FY 09 based upon projected assessed values.)

Mr. O’Keefe observed that this was similar to the prior year’s process. This funding is intended to be a contingency for funding if the road repair bond does not pass.

Mr. Freda questioned Mr. Caron on the wording of the budget committee’s positions’ wording to indicate clearly to the voters the intent of the committee.

Mr. Brown remarked that other than the bonds, the committee’s positions could be re-iterated at Town Meeting.

IV. OTHER BUSINESS

Feb. 7 selected for next meeting date.

Mr. Freda questioned the status of the citizens’ petition warrant article for funding the North Fire Station with unexpended Conservation funds. Mr. Caron indicated that in lieu of a court ruling to the contrary in the interim, the article would appear on the warrant.

V. ADJOURNMENT

There being no other business, a motion was made by Sean O’Keefe to adjourn, second by Mike Brown.

The vote on the motion was as follows:

Member	For	Against	Abstain	Absent
Tom Freda, Chairman	X			
Sean O’Keefe, Vice Chairman	X			
Mike Brown	X			
Tom Dolan				X
Jay Hooley, Secretary	X			
John Robinson	X			
Totals	5			1

VI. UPCOMING MEETING SCHEDULE:

- A. Please review Town Budget Workshop Schedules on Town Website
- B. Please review School Budget Workshop Schedules on School Website

VII. RECORD OF MEETINGS HELD:

1. Organizational Meeting **March 22, 2007 – 7:00 PM**
2. First Meeting **April 19, 2007 – 7:00 PM**
3. Second Meeting **May 24, 2007 – 7:00 PM**
4. Fourth Meeting - Joint Meeting of the Town Council, School Board and BC, **June 12, 2007**
5. Fifth Meeting, **July 26, 2007 – 7:00 PM**
6. Sixth Meeting, **August 23, 2007 – 7:00 P.M.**
7. Seventh Meeting, **September 27, 2007 – 7:00 P.M. (Budget Workshop with Town Council)**
8. Eighth Meeting, **October 25, 2007 – 7:00 P.M.**
9. Ninth Meeting, **November 26, 2007 – 7:00 P.M.**
10. Tenth Meeting, **December 27, 2007 – 7:00 P.M.**
11. Eleventh Meeting, **January 2, 2008 – 7:00 P.M.**
12. Twelfth Meeting, **January 17, 2008 – 7:00 P.M.**
13. Thirteenth Meeting **January 24, 2008 – 7:00 P.M.**

RSA: 91-A:2 Meetings Open to Public. –

II. All public proceedings shall be open to the public, and all persons shall be permitted to attend any meetings of those bodies or agencies. Except for town meetings, school district meetings and elections, no vote while in open session may be taken by secret ballot. Any person shall be permitted to use recording devices, including, but not limited to, tape recorders, cameras and videotape equipment, at such meetings. Minutes of all such meetings, including names of members, persons appearing before the bodies or agencies, and a brief description of the subject matter discussed and final decisions, shall be promptly recorded and open to public inspection within 144 hours of the public meeting, except as provided in RSA 91-A:6, and shall be treated as permanent records of any body or agency, or any subordinate body thereof, without exception.
