

TOWN COUNCIL/BUDGET WORKSHOP MEETING
October 25, 2007

The Town Council/Budget meeting was held in the Moose Hill Council Chambers, Town Hall, 268B Mammoth Road, Londonderry, NH.

PRESENT: TOWN COUNCIL; Chairman Joe Paradis; Vice Chairman, Marty Bove; Councilors Mark Oswald; Brian Farmer, and Kathy Wagner; Town Manager Dave Caron, Assist. Town Manager/Finance Dir. Sue Hickey, and Margo Lapietro, Executive Assistant.

BUDGET COMMITTEE: Chairman, Tom Freda; Vice Chairman, Mike Brown, Tom Dolan, (7:15) John Robinson, Jay Hooley, Mike Toth, Dan Bever. Absent, Sean O'Keefe

CALL TO ORDER

Chairman Paradis opened the meeting at 7: 05 PM with the Pledge of Allegiance. This was followed by a moment of silence for the men and women fighting for our country.

NEW BUSINESS

Town Manager Caron reviewed Budgets from FY03-FY08 and reported the non-personnel costs have increased \$1.19M. Of that amount, Solid Waste/Recycling; Road Salt, Hydrants; Utilities; and Vehicle Fuel have increased by \$1.26M He explained that in order to reach the 1% reduction the other remaining 258 non-personnel line items would have to be reduced beyond the reductions already made in FY03-FY08, which would seriously impact the Town's ability to deliver services. Staff has not proposed any reductions in staff; as that action would lead to a major reduction in services. Our current staffing levels compared to similar community's levels are at median or below level. Our staff levels are above in cable and police, both areas are dedicated to taxpayers and school.

The 0.5% above default total would be \$67,693 requesting supplemental funding in the following areas:

- Paramedic & Police Officer Training
- Police Department Expenses
- Third voting machine for Presidential Election
- Road paving and reconstruction
- Augment computer replacement program
- Restore portion of planning internship program

Finance: Assist. Town Manager/Finance Dir. S. Hickey stated the Finance Div. experienced an increase from FY 08 of \$40,181 or 7.9%. Increases totaled \$44,181 due to:

Salaries

38 Overtime
39 Contractual and Federal Mandates.
40

41 Decreases totaled \$4K due to:
42 Management Services
43 Bank Services
44 Seminars & Workshops
45 Office Supplies
46

47 Budget Committee Member John Robinson asked what were the cuts made in management
48 services; S. Hickey responded they were for legal opinions for bonding. Seminars and
49 workshops have been reduced, office supplies pays for binding for CAFR, etc. Councilor
50 Oswald verified numbers with HR; new hires were 36: 25 were police, 19 were retired or
51 terminated. He questioned what was restructured, at library. He wanted to know the breakdown
52 where the new hires were and clarification if we are replacing all those vacancies. He also asked
53 for the tally of payroll at start of 08 fiscal year. Councilor Oswald also questioned the health
54 insurance holding account. S. Hickey explained they anticipated health costs would be 12% in
55 the budget but they were not that high. Town Manager Caron explained that a holding health
56 account is established per Council order of 7/8/07; and transferred overage to holding account.
57 These funds could be used for other items; funds expendable only when approved by the
58 Council. Councilor Oswald asked to make an asterisk on that line item to explain where that
59 came from. S. Hickey explained that number of \$718,485 listed in the budget book for current
60 Finance Department FY Budget 08 is actually \$504K because that number is not part of Finance.
61 Budget Member T. Freda asked when was the last time audit service was bid out, S. Hickey
62 responded FY 04/05. He suggested that the bid be done every 2 years, as the timing of the audit
63 may produce some savings. S. Hickey explained that municipal audit firms are the ones that do
64 CAFR, not sure that the groups that submit bids are qualified to do municipal audits. She
65 explained the CAFR process and advantages: it gives the Town a higher bond rating resulting in
66 a lower interest rate on bonds. Councilor Farmer asked for an analysis on return on investment
67 for audit. Sue will produce information on this issue.

68 **Human Resources** S. Hickey explained the HR Division is part of Finance. She reviewed the
69 statistics for FY07.

70 185 Full time Employees
71 32 Part-time Employees
72 36 New Hires
73 8 Retirees
74 11 Terminations

75 Budget Committee Member Mike Brown asked how many people were in bargaining units.
76 Town Manager Caron responded all but 5-6 employees were represented.

77 **Assessing** Karen Marchant explained the budget was \$402,185. Budget Committee Member, J.
78 Robinson questioned part-time salary for clerical person. K. Marchant explained position is
79 vacant, intended to use someone part-time during busy season He questioned overtime, she

80 responded it is for the Assist. Assessor. Budget Member T. Freda questioned assessment
81 management increase for this year, K. Marchant responded increase was due to use of Patriot
82 Properties and appraisal work. 2010 will be next certification, so values may be adjusted again.
83 Councilor Wagner questioned telephone increases. S. Hickey said it was for local service as well
84 as long distance. K. Marchant said they use the phones to set up appointments with taxpayers.
85 Budget Member J. Hooley complimented her for cutting postage in half with recent postal
86 increases. K. Marchant responded postage was over budget, no money in there to send out
87 postage for an update. Councilor Bove said he is frequently asked the question from taxpayers,
88 with housing market going down when can they expect to see decrease in the value of their
89 homes if they get reassessed. K. Marchant responded possibly in December bills of 2008 which
90 Council will have to discuss. Councilor Bove said even if your value goes down it doesn't mean
91 that your tax bill will go down because the rate may go up. Councilor Farmer asked if update is
92 done in-house how will it be accomplished. K. Marchant responded she has been doing this since
93 1994; Patriot Properties has been retained to assist only once during that time.

94 **Town Clerk/Tax Collector** Meg Seymour reviewed the types and quantities of transactions the
95 department processed for FY 06-07. Total revenues collected \$67,426,329.10, an increase of
96 \$2M. Sewer bills have increased and they are completed in-house. Requesting \$62,873.00. She
97 requested an increase of \$368.00 due to supplies required for larger mailing for sewer bills. Due
98 to the Presidential Election she will have a one time expense of an increase of \$5,392.00.
99 Suggested adding a third voting machine at an additional cost of \$1,025.00. Budget Committee
100 member M. Brown asked how much revenue was lost in motor vehicle permits due to Alamo
101 leaving Londonderry; she responded \$450K. Budget Committee member T. Freda asked for
102 clarifications on liens. M. Seymour responded \$1,200 average release amount. Councilor Bove
103 stated he calculated they did about 140 car registrations a day. How many people are needed for
104 140 registrations a day? She responded it depends on how many are renewals and how many are
105 new. On a new registration it would take her an entire day to process 100. She said it is a team
106 effort, not just one person processes the registrations.

107 **IT** – Bruce Dickerson & Doug Bosteels represented for the IT contractor, Eaglevue
108 Technologies. S. Hickey said there is a decrease of \$89,561 or 20.5% for FY 08. The Town
109 experienced reductions in the cost of computers because we were getting deals on purchasing.

110 Increases were:

111 Management Services \$24,694

112 Telephone \$1K

113 Seminars and Workshops \$500

114 General Supplies \$500

115 Councilor Farmer discussed the requested items list, wants to see perceived needs from all the
116 departments D. Bosteels said they will supply at next meeting. S. Hickey stated the list of
117 requested needs was located in the budget book. Councilor Wagner asked the ages of computers
118 at Londonderry Police Department (LPD), B. Dickerson responded that they rotate them, there
119 are some over 4 yrs. Councilor Oswald asked if they had a source of recycling, D. Bosteels said
120 they tried, but difficult, they have worked with DELL, there is a charge. Councilor Oswald said
121 there was a firm in Boston that will recycle and pick-up. He also asked if they were using
122 refillable ink in the printers, B. Dickerson responded they have been approached by an outside
123 firm, a lot of ours cannot do that because DELL does not have a chip for third party toner
124 cartridges, other brands do. Councilor Oswald asked why an increase in phones. S. Hickey
125 responded it was based on anticipated usage. D. Bosteels explained the Londonderry Fire Dept.

126 (LFD) uses voice over IP system. Only have one telecommunication provider that provides it.
127 S. Hickey said she can provide analysis that costs are starting to slide down. Budget member J.
128 Robinson questioned combining IT services with the School Department. Councilor Farmer
129 explained last year did analysis with school department and found out their needs differed from
130 ours. D. Bosteels said he routinely rotates hardware, does it on a daily basis, will re-build a
131 machine to meet the needs. Budget Member M. Brown asked for clarification of New World.
132 Software. He also asked if the support services were town-wide, S. Hickey responded they were
133 for whole town except school department. D. Bosteels said it includes updates town-wide, not an
134 outrageous amount. Less money compared to other towns. Budget Committee member J.
135 Robinson said general supplies increasing \$500, are they computer related for supplies for
136 computer people. S. Hickey responded the IT Dept pays for supplies for all toners. He
137 questioned if training was for IT personnel, and what where the telephone charges for. She
138 responded that the Town recently got an upgrade on their service and training was for IT
139 personnel. T, Robinson said that seminars and workshops should not be paid by the Town; IT
140 should train themselves on software they are supporting. D. Bosteels explained the software is a
141 new thing; need to have training themselves in order to train personnel. S. Hickey stated that
142 New World is customized to town of Londonderry. He questioned last time the IT contract was
143 bid, and why aren't we participating with the school district when they bid. Councilor Farmer
144 said that we have complete differences in service, not cost savings. Chairman Paradis clarified
145 that the town hall had 2 full time employees initially from Eagleview, now we employ 1.33
146 employees.

147 **Debt Service** – Town Manager Caron reviewed debt service, total for FY09 is \$2.87M. He
148 referenced the three offsets to those payments state aid sewer, Town is receiving aid on two
149 projects, closing out by the southern part of town and also recent Mammoth Rd. sewer
150 constructed in 2002. Received aid to close the Auburn Rd. landfill and sewer fund transfer from
151 the sewer users to the General Fund to pay the balance of the debt service on any sewer related
152 outstanding debt. Total Revenues is \$368,250. Principal and Interest totaled \$2,870,686. Net
153 property tax supported debt is \$2,502,436. Outstanding bonds are for Water, Sewer, Public
154 Improvements which are partially funded by Sewer Division. T. Freda said the listed amounts
155 don't include any bonds for town meeting. Town Manager Caron responded that was correct.
156 The Warrant article gives the voter the true picture of what the actual costs are to float that bond
157 for that particular year. Once the bond is approved, and we float the bond, by the time the next
158 fiscal year rolls around we know what the actual costs are. Those costs are transferred into the
159 debt service line item. Discussion ensued about bonding particulars. Budget Committee
160 Member J. Robinson asked for breakdown on how much being paid, on each bond; Town
161 Manager Caron responded that information was in budget book. Councilor Farmer suggested
162 comparing bonding for 10 years versus 20 years and see what the savings are at next meeting.
163 Councilor Bove specified that Exit 4A is not on debt service. Town Manager Caron stated we
164 have voter approval to issue \$4.5M.

165 **Revenues** – The General Fund Operating Budget is fairly self explanatory. MHT PILOT is the
166 payment in lieu of taxes for private business located at the airport. It has an annual inflator of
167 2%, which started at half a million dollars five or six years ago. Interest & Costs of Property has
168 gone down, reflects that people are paying their taxes in a timely fashion. Licenses/Fees are
169 largely attributed to the vast number of MV permit fees. State Aid included meals and rooms tax,
170 shared revenues, highway block grants and state aid for sewer and landfill reimbursement for the
171 debt service. Sewer Division Debt & Administrative Fees is the amount of money transferred
172 from sewer fund to general fund to offset both the sewer debt service and a certain percentage of
173 finance, tax collection, IT and public works administration. \$11,311,460 is for non-property tax
174 revenues. The Sewer Division also pays 25% of the Public Works Director and 25% of the

175 balance of the DPW office. Doris Beatty's salary is paid directly from the sewer fund.
176 Councilor Farmer asked what investments draw revenue. S. Hickey said we have a couple of
177 CD's; very limited on what the Town can invest money in. Our budget account is in a "sweep"
178 account which means it leaves the bank every night at 5:00 PM, gets invested by our bank on the
179 daily rate and gets pushed back into our account every morning. Councilor Farmer asked where
180 the money came from for the CD's. Town Manager Caron said it is the town's cash flow from
181 the General Fund. Chairman Paradis asked for clarification on MHT PILOT. Town Manager
182 Caron stated that the Assessor places value on land that is not used for aeronautical services and
183 assigned a tax rate to it. Chairman Paradis questioned LFD service to MHT (Manchester/Boston
184 Regional Airport), Town Manager Caron responded we provide first response service; airport
185 crash/rescue is handled by MHT fire department. Discussion ensued about the 2% annual
186 escalation we receive from the open ended agreement. It was suggested by Councilor Farmer
187 that this issue be re-visited in the future so that future Town Manager Caron said the proposed
188 warrant is in the budget book, deals with bond issues, use of fund balance which has changed
189 since the last meeting. Planning Director Andre Garron has notified him that the Town has \$58K
190 in impact fees for Litchfield Rd/Mammoth Rd. intersection. The Town would then use less
191 undesignated fund balance in impact fees. Outside details, sewer use fees, cable franchise fees
192 and Manchester are all self-funded with no impact on taxpayers. Use of undesignated fund
193 balance is now \$340K.

194 **Municipal Insurance** Town Manager Caron said the Budget request is \$163,750. It is broken
195 down into three categories:

196 Property Insurance: Covers all our property, vehicles including required bonds for public
197 officials. Town participates in a municipal pool with 200 plus entities.

198 Unemployment Insurance

199 Insurance Deductibles: \$1K deductible

200 Chairman Bove questioned if this covers all municipal including police and fire vehicles, Town
201 Manager Caron responded it did. Largest use is from the Londonderry Police Dept. (LPD), lot of
202 police litigation both state and nationwide. Councilor Farmer asked if training offers some
203 discounts or is it a pool cost. Town Manager Caron responded it is pooled cost, the Local
204 Government Center (LGC) does provide extensive training opportunities. Budget Member T.
205 Freda inquired as to what coverage we have for an excessive force claim with LPD Town
206 Manager Caron said we have coverage, with \$1K deductible and they will defend the
207 municipality as well as the employee. M. Freda questioned if it included going to a verdict in a
208 civil rights issue, Town Manager Caron responded yes. Budget Member M. Brown asked if
209 schools subscribed to LGC program, Town Manager Caron responded that he though so.
210 Chairman Paradis asked what the increases were in salaries, Town Manager Caron responded 3%
211 unless there is a step involved, depends on the unit. COLA for unionized employees is 3%;
212 contracts state 3-4 ½% range; if the actual CPI adjustment is above 3% it is up to the Dept.
213 Manager to find the excess out of their particular budget.

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216

ADJOURNMENT

217

218 **Councilor Bove made a motion to adjourn at 8:35 PM. Second Councilor Farmer.**
219 **Council's vote 5-0-0.**

220

221
222 **Notes and Tapes by:** Margo Lapietro **Date:** 10/25/07
223
224 **Minutes Typed by:** Margo Lapietro **Date:** 10/30/07
225
226 **Approved:** Town Council **Date:** 11/05/07
227