

TOWN COUNCIL MEETING/BUDGET WORKSHOP
November 17, 2008

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

PRESENT: Town Council: Chairman Marty Bove; Councilors; Kathy Wagner, Mike Brown; and Brian Farmer; Town Manager, Dave Caron; ATM/Finance Dir., Sue Hickey and Margo Lapietro, Executive Assistant. Absent: Councilor Paul DiMarco

Budget Members – Tom Dolan, Jay Hooley, Mark Oswald; Tom Dolan; Tom Freda (7:05); Joe Green (7:08); Deb Nowicki (left 8:35PM)

School Board Members – Supt. Of Schools, Nate Greenberg; Ron Campo; School Business Manager, Peter Curro; George Herrmann; Ben Parker; Steve Young

CALL TO ORDER – PUBLIC SESSION

PUBLIC COMMENT

School Board – Consolidation Review - Town Manager Caron explained the consolidation review completed by both the town and school staff. They hired Municipal Resources, Inc. (MRI) to determine if consolidations could be made in HR, IT and Finance Departments. Councilors Brown, Wagner and Farmer all expressed their disappointment with the report. Councilor Brown expressed the opinion that he would have thought we had more to work with on the MRI study, and questioned whether collaboration could occur with building maintenance. Town Manager Caron explained if we collaborated more on maintenance it would result in the Town relying upon the schools, as the Town’s currently does not have any resources to contribute to that partnership. Supt. of Schools Nate Greenberg explained the School District was working with the Town on energy savings, and reviewing the idea of the school assuming control of the Access Center. School Board Member, George Herrmann said there was nothing surprising in the MRI report. He said we should be looking at other opportunities out there. He stated if there is not a willingness on the Boards to make this work, then we are just spinning our wheels. Councilor Farmer asked if any members of Council were contacted by MRI for input into the report. The response was no. He asked what types of methodologies were employed; nothing tells him what he didn’t know. Pauline Caron, 369 Mammoth Rd asked how much did the MRI report cost? P. Curro said it was \$12K; it was shared jointly by the school and town. She then asked who made the decision to engage the services of MRI, Town Manager Caron responded it was, Nate Greenberg and him. P. Caron then asked what line item it came out off – Town Manager Caron said it came out of Management Services. Councilor Brown said the intent of the study was to consolidate and do the right thing for this community. Chairman Bove said he took exception to that statement-the school and town are two different entities. He pointed out the cooperation that is going on between the two separate entities. He mentioned that the IT services are great for what we get now. Budget Member, Tom Freda, 30 Buckingham Dr. questioned the figures for outsourcing payroll, he stated they do not give a figure of what we are currently paying. School Business Manager Peter Curro said the report clearly points out that there is no substantial savings by combining the departments. He further said that we do far more working together than other towns. Sue Hickey explained the town side

has 100 different pay codes; each division still has to key in their payroll. T. Freda explained that there is no dollar cost for the payroll in the report – they need to support the costs. George Herrmann reiterated that there are still opportunities. School Board Member, John Robinson said that we should look at areas to work to bring the two structures together in some functions in the future. That was not outlined in the report. School Board Member, Steve Young said that the MRI report said we were short-staffed but are still able to perform our jobs at full capacity. N. Greenberg said that they have saved \$2.3M in energy costs. The Town side is working to obtain savings. He talked about the school taking over the Cable Access Center. Budget Member, Tom Dolan suggested taking a long term view and pick one area to collaborate in and experiment with it. See how it works out a year or a year and a half down the road. Budget Member, Deb Nowicki asked how many meetings took place with the two organizations that necessitated spending the \$12K. He explained that he, Dave Caron, Sue Hickey, Peter Curro and himself met 5-6 times to discuss this collaboration. In addition they had weekly communications between the school and the town. Ongoing communication is an everyday thing. He said that MRI was charged with finding any way to make significant savings, they have come back and said that there are no significant savings by combining the departments. N. Greenberg said maybe we are staffed appropriately, the school has 1K people, and they run a \$60M operation and have 250 pay codes. They have 2.3 people in HR. Nate reviewed other school districts he has work in and said that perhaps we are staffed at an appropriate level, but we are not overly staffed. Councilor Wagner said she wanted to get it done, why can't we consolidate? Town Manager Caron stated that the result of the study was not surprising. The Town has been reorganizing staff for the past seven years. MRI is essentially saying everyone is working at 100% of the time. S. Hickey said the IT Dept. is at capacity or beyond what they can handle. Town IT Staff has a staff of just 1.5 people for 200 employees with a budget of \$352K. The School has 6 people in the IT department with a budget of \$450K. Councilor Wagner suggested looking at the bigger picture, right now it is for the future, get it going in the right direction. Budget Committee Member, Mark Oswald said he has had a 30 yr career in the HR field. The standard ratio for HR employees is 100 to 1. Ben Parker at this point in time thanked the Council for the opportunity to discuss this subject and left the meeting. Councilor Farmer said that we maybe are as efficient as we are going to get, but has skepticism about feedback. At the next discussion we should look at the obstacles, then brainstorming about removing them. N. Greenberg asked if we are doing this to save money and where is the demarcation. He asked what would the benchmark be for efficiency. He asked if we combine are we any better off than we are now, will it provide more supervision. J. Robinson said the issue is we are under a lot of pressure to find cost savings, and shouldn't cut core services. Ron Campo suggested setting deadlines on energy conservation collaboration, with milestones in the next 30-60 days. We can also set a deadline on the Access Ctr., come back in about 30 days with criteria. He also suggested that any new software programs being considered for purchase in the future should have a joint discussion. Chairman Bove asked what the decreases and increases were in employees from 01 to now. S. Hickey responded the town had 174 in 01 have 190 today, 25 are at MHT. Councilor Bove said the MRI report didn't have a lot of meat to it, it was more objective. Councilor Wagner said she agrees with R. Campo, we need to give direction. Software is a good idea: find a company that could work together with school and town before a purchase is made. She said we should continue with the Cable discussion. She suggested researching grants to fund the SRO position on the school side. She said she is looking for strategic direction from the Town Manager and Supt. of Schools. She suggested eliminating the proposed new SAU Office from the CIP and come back with a plan to combine it with the Town Hall. Councilor Farmer agreed with R. Campo, set deadlines. He said he also agreed with Councilor Wagner. He asked if there was any information from PSNH regarding an energy audit

on cost savings, Town Manager Caron said he will check with Carolyn O'Connor. Councilor Farmer said he would like to see if there is a cost savings to Cable being combined with the school. Could state education funding pay part of that budget if it is on the school side? Software savings is a good idea. He would like to see energy and cable access savings in the next few months. Chairman Bove said if possible he would like Dave and Nate to come back with where the savings will be. R. Campo said to do it just one project at a time, keep it simple because of the budget season. Councilor Farmer said he agreed with Tom Dolan's suggestion, pick one at a time. Cable is a good one to try. Chairman Bove asked Dave and Nate to come back with a presentation on cable and energy savings. R. Campo suggested working with the Cable Studio first, establish a model, keep it simple, and have a white paper on it. It was decided to work with the Cable first. Councilor Brown asked that Dave and Nate come back to Council with ideas for the Cable Access Studio and energy savings for the 12/15/09 meeting. Discussion ensued about formalizing a policy direction for IT collaborative efforts. R. Campo suggested having task forces that meet, direct them to come up with a white paper on how to combine future purchases for both the School and Town to approve.

OLD BUSINESS

FY10 Budget – Town Manager Caron said that tonight he will invite inquiries on budget issues and have the information requested for the 12/1/08 Budget Meeting. Councilor Wagner asked what the impact to the town would be if the 2 Firefighters were let go. If we don't release the SRO are there any savings somewhere else? She also asked to find out if there are really any savings to release the part-time clerk. She asked what is the real impact to the town and services if all those personnel in the proposed 1% & 2% are cut. Councilor Farmer said he is having difficulty this year because there are a lot of unknowns. If we went to a 1% default budget it is only a \$9 saved on a \$300K home. It is not much of a savings. He said we can't cut the SRO's and fire fighters and he repeated he does not see anywhere to cut. Chairman Bove said the 1% deduction on \$100K would be only 8 cents, 2% is only 14 cents on \$100K. Budget Member, Tom Dolan questioned the ambulance revenues and if we are going to see a reduction as projected. Town Manager Caron responded a good percent is uncollectible, and the amount budgeted is the portion the Town expects to collect. Budget Member Mark Oswald asked if the review of fines, fees and permits was being reviewed again. Town Manager Caron responded the building fees are not, they were recently reviewed and are current, activity should cover department costs. Ambulance fees are adjusted annually. We are reviewing sewer fees every other year. M. Oswald asked if the Community Development Dept. has given any ideas on revenues for the next 6 months. Town Manager Caron replied the Town is estimating an increase town-wide assessment of about \$20M for the next budget year which is incredibly low. M. Oswald asked about utilities savings for a 4 day work week at Town Hall, he acknowledged we would need collective bargaining to be involved in the decision. He suggested Town Hall and the Library be open until 7:00 PM 4 days a week. He said he would like to see the cost savings. Town Manager Caron said that the heat in Town hall is turned up at 8:30 and shuts down at 5:00. To move to a four day work week would condense a roughly equivalent amount of heat usage from 5 to 4 days. Meetings rooms are different; Carolyn is programming them based on ongoing meetings at nights. Councilor Brown said the economy is going to be rough. Status quo is not something to be considered. He said if he adds the 1% and 2% below default scenario it would result in about \$538,218K in savings. Town Manager Caron responded it is around half a million dollars in savings for 1% and 2%. Councilor Brown said we have 34 cents being driven

by Capital Reserve and Maintenance Trust Overlay Veterans: 13 cents for Capital Reserve Maintenance and 21 cents for Overlay Veterans. He asked if it is a policy decision by the Council to fund that default minus 2%, can we use those accounts to reduce the budget. Town Manager Caron responded yes, it is a policy decision. Councilor Brown requested the Council give strong consideration to not go status quo with those two accounts. He said they are changeable. Town Manager Caron said that amount was \$504K this year. Councilor Brown said the Overlay is \$300K, the Capital Reserve Maintenance is \$530K and default minus 2% total is \$538K. Combining the other budget deductions with these two accounts should be considered by the Council. He said the majority of people who live in Londonderry commute to corporate jobs outside of Londonderry. We should be cognizant that they are the majority of our constituents, and they don't have those jobs now. Open for discussion. Chris Davis, Perkins Rd. said a 14 cent change in the tax rate will not help them keep their houses. Pauline Caron, 369 Mammoth Rd. said there was a 9 percent increase in insurance and she asked what that increase was. Town Manager Caron said it amounts to about \$13K. She asked if we have put it out to bid like some towns in NH. Town Manager Caron responded we are currently in a three year program with our carrier which expires after FY11. She suggested putting it out for bid to save money. Budget Member, Jay Hooley said if it is a difference of \$53 on the tax bill, it wouldn't help save a house from foreclosure. Councilor Wagner asked the total tax impact if the budget passes no defaults, no bonds, no union contracts. Town Manager Caron responded that would increase the tax rate by 31 cents which does not include collective bargaining. It is a \$93.00 impact on a \$300K house if we do nothing. Councilor Brown said that does not include the school which is 2/3 of our tax bills. Councilor Wagner asked if the two bargaining agreements pass does the Town Manager have any idea how much it would increase. Town Manager Caron responded he could not venture a guess at this point. Councilor Farmer asked what it would have been in the past. Town Manager Caron responded past agreements, depending in the number of years involved, ranged from under 1 cent to 7 cents. Councilor Wagner said we are looking at a definite 31 cents increase on a default budget. Chairman Bove said on a \$1M home it is \$310. Councilor Farmer said looking at the overlay and veterans exemptions he calculates that there are about a thousand people who receive the exemption. He questioned if we roll the exemption back it will mean people will have to pay more taxes. He stated each one of these things have consequences. We save money so we don't have big hits on maintenance, other towns don't do that. Budget Member, Tom Dolan said that exemptions are not the way to reduce the budget, it just shifts the burden to the veterans. From an accounting stand point it shifts the burden, it gets you nowhere. He asked Town Manager Caron if we have any repossessed homes or properties we could sell, he responded they had nothing of any value. Councilor Brown said that there is an account that has \$830K we are planning on spending it; he suggested reducing it by changing policy other than the veteran's exemption. T. Dolan suggested not touching the portion of that account that includes tax exemptions. Councilor Brown said he wants the budget to come under default, he said he likes the idea of 2% below default if we can change policy direction of \$835K. There is \$300K in that line that is overlay, there is \$530K overlay in capital reserve. Those two combined give us \$830K we should consider not spending in FY10, try it for one year. Councilor Brown said if we can change policy on those two line items it will equal 31 cents on the tax rate. Councilor Farmer clarified that the overlay account of \$300K is used to fund abatements and errors on the tax commitment list. He asked what is the 2008 actual expense was, what is the need to be and how much can we reduce it to be safe. Town Manager Caron said he will check it out. Councilor Wagner suggested looking at all the other extra overlay accounts and see if any money could be saved for just one year. Councilor Farmer asked for a specific break-out of warrant articles. Dan Bouchard, O'Connell Drive, said last year's budget cut was to cut 5 employees. He said to look at attrition. He told Council that they are

cutting again, look to attrition, can it wait for one year; he suggested looking at middle management for cuts. Budget Member, Tom Dolan stated we are largest single polling place in the state. We only had two voting machines he suggested either renting or buying another one. Councilor Wagner said we won't see an election of that magnitude for 4 years. Discussion ensued about how long it took the lines to get through the ballot line. Town Clerk/Tax Collector Meg Seymour said the price was \$6,500 last time she purchased one. Chairman Bove pointed out the fact that the 9 years he has been on the Council they have cut 9 positions due to attrition and re-organization. The 25 officers at MHT are self-funded.

NEW BUSINESS

Resolution 2008-22 – Relative to the Revision of the General Assistance Guidelines

Councilor Wagner read the Resolution and made a motion to adopt. Seconded by Councilor Farmer. Councilor Farmer questioned how much if any would the impact of this Resolution be to the town. S. Hickey said if it does impact the town it will not be large by any means. It will not cause the town to over-expend. She explained that this aid is for people who are permanently disabled, or qualify under the old age provision. Councilor Brown said the way we currently have our policy is if people are already drawing aid under APTD and OAA programs they cannot apply for any type of assistance from the town. This Resolution currently allows them to get some help. Councilor Farmer asked how many do we see, Town Manager Caron responded we do not see that many, but could not offer a definite number. Discussion ensued about how long people receive food, and how the figures were determined for shelter/living/food expenses. **Council's vote 4-0-0.**

Ordinance 2008-14 – Relative to the Adoption of a Fee Structure for Secondhand Dealers and Pawnbrokers

Councilor Farmer made a motion to table this Ordinance and move it to 12/1 because he has questions he has to get to the Town Manager. The Council concurred to defer this matter.

Order 2008-19 – Relative to the Expenditure from the Maintenance Trust for Fire Department Communications Equipment -

Councilor Wagner read the first reading, second reading waived. She made a motion to accept, which was seconded by Councilor Farmer. Town Manager Caron said the \$24K represents the first year of lease payments payable in advance from the cell company. Councilor Brown questioned when the cell tower is being built. Town Manager Caron responded it is still planned for 4th Quarter of this year. **Council's vote 4-0-0.**

APPROVAL OF MINUTES

Minutes of the Council's November 11/01 and 11/03/08 Public Meetings

Councilor Wagner made a motion to accept the meeting minutes from 11/1. Seconded by Councilor Brown, Council's vote 4-0-0.

Councilor Wagner made a motion to accept the meeting minutes from 11/3. Seconded by Councilor Brown, Council's vote 3-0-1, with Councilor Farmer abstaining.

OTHER BUSINESS

Article 14 (Creation of Special Revenue Fund to Support Town Common/Forest Activities)

Chairman Bove said they were looking at a possible warrant article to use revenues from the Nelson Rd. Cell Tower to expend on different projects in Town. Councilor Farmer said the Council will define the break-out in individual budget years through the normal budget process. Town Manager Caron responded it will be similar to the sewer and cable funds. He said he is still working with DRA on finalizing the language. It will be finalized well before Town Meeting. We will have 6-8 months of lease revenues in the FY10 budget. Councilor Brown asked if we could include stewardship in the warrant article. Town Manager Caron said he would investigate. Reed Paige Clark said it should be specified that it supports and maintains the Town Common, excludes putting in new trees and bushes.

Liaison Reports

Councilor Wagner reported the Planning Board decided to move the Flexible Industrial District zoning to a hearing. They have finished their workshops. The Planning Board had a joint meeting with the Historic Property Taskforce that evening. The Planning Board will have a meeting with the abutters and the 16 property owners sometime in January along with the Heritage Commission.

Town Manager's Report

Board/Committee Appointments/Reappointments/Resignations

ADJOURNMENT

Councilor Wagner made a motion to adjourn at 9:55 PM. Seconded by Councilor Brown, Council's vote 4-0-0.

Notes and Tapes by: Margo Lapietro Date: 11/17/08

Minutes Typed by: Margo Lapietro Date: 11/24/08

Approved; Town Council Date: 12/01/08