

TOWN COUNCIL MEETING
February 23, 2009

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

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

CALL TO ORDER – PUBLIC SESSION

Chairman Farmer opened the meeting at 7: 02 PM with the Pledge of Allegiance. This was followed by a moment of silence for the men and women fighting for our country, firefighters and police officers serving this community and around the country.

PUBLIC HEARING

Chairman Farmer said this meeting was initially called to meet a statutory requirement on special revenue funds to support the Town Common/Forest activities, but since the Governor has made his budget cuts it was decided to talk about that item as well. He stated that basically this will be a discussion, to get the information out and to formalize a plan to address those impacts. No decisions will be reached tonight due to Councilor DiMarco's absence. The Council is looking at adding a meeting before the regularly scheduled meeting on 3/2/09.

Councilor Wagner made a motion to go into public hearing. Second Councilor Brown, Council's vote 3-0-0.

RSA 31:95-c – Special Revenue Fund to Support Town Common/Forest Activities

Town Manager Dave Caron explained this was a public hearing held in accordance with state law to create a special revenue fund. The Department of Revenue Administration (DRA) has ruled that the Town cannot allocate revenues from one source to fund unrelated expenditures. He explained that it is recommended that we proceed with the process and the Warrant Article. He explained he will meet with our state legislative delegation to request clarifying language to the statute, RSA 31:95-c. The DRA said we cannot spend revenues from a specific source for unrelated purposes. That is happening throughout the state in a number of different jurisdictions.

He stated that the state has erred in:

- 1) 31:95-c IIa regards special revenue funds for highway purposes and the last sentence reads "shall be used for highway expenditures" The legislature was very clear saying highway revenues have been used for highway expenses. That language is absent from the balance of the law.
- 2) Looking at subsection III the last two lines allows Town Meeting to expend surpluses "until such time as the legislative body shall have voted to appropriate a specific amount from said fund for a specific purpose related to the purpose or source of the revenue"

He said that we would have two options, establish a purpose other than the source of revenue or you would not need the word “or” in the law. They have been advised to proceed forward and hopefully at Town Meeting the voters will approve the Special Revenue Fund and hopefully the Town will be successful with the wording with the DRA. Tonight’s hearing is to take input for lease revenues from the cell tower for various items such as the Morrison House/Old Home Day/Conservation Commission/Town Forest, etc. The first year’s revenues are dedicated to the purchase of electronic equipment for the Londonderry Fire Department (LFD). The Town has received those funds and 2/3 of those funds have been appropriated for that equipment, additional expenses will use all the first years’ revenues and all resources from the expendable maintenance trust fund. Subsequent years the plan is to have a dedicated source of revenue for those particular funds which will then fall off the appropriations process in the operating budget. Councilor Brown clarified expenses for LFD will not be at any risk because we do not have the special fund created. The first year’s revenues have been used already. Town Manager Caron responded that is correct. Councilor Brown also clarified that this item will go forward on the warrant, as Articles 6 & 7, it will move forward regardless of the DRA and Town Manager Caron responded that that is staff’s recommendation. Chairman Farmer said if the voters approve the revenue funds then the next article funds it then Council will make a motion to amend the budget by an offsetting amount. Due to the fact that we won’t have the final word from the DRA on this ruling until the summer he suggested not reducing the operating budget by that amount because that would be ‘zeroing” out several lines for which we have intended purchases in the budget. He asked the Councilors to consider not zeroing it out of the budget. Councilor Brown asked Town Manager Caron if the articles are approved by DRA, and the budget is not reduced what happens with the approved articles. He responded if they are approved by DRA than we have \$18,540 budgeted into two separate locations. His suggestion would be that the Council at the proper time approves an order removing those funds from the operating budget and placing them into a holding account. If not used for a specific purpose by Council they will lapse into the general fund. If DRA does not approve it then Articles 6 & 7 will not be approved they be considered an invalid warrant even though approved by the voters. Councilor Brown suggested he should explain these two Articles at town meeting. Councils’ consensus is to direct Town Manager Caron to continue communicating with DRA on this issue.

Councilor Wagner made a motion to close the public hearing at 7:15 PM, seconded by Councilor Brown. Council’s vote 3-0-0.

OLD BUSINESS

FY10 Budget – Ramifications of Governor’s Budget – Town Manager Caron explained the recent cuts from the Governor received after the budget was established for the Town resulted in a loss of 2/3 of the Town’s general revenue sharing only leaving the highway block grants That equates to a loss to Londonderry of about \$1.33M He met with department heads and was able to develop a budget adjustment plan which consists of increasing revenues to the general fund of about \$697,960 and reducing expenses in the area of \$651,000. He cautioned that timing was critical due to our Town Meeting in March and that the States budget won’t be finalized until June. He suggested offering an amendment at Town Meeting to adjust the budget when the State finalizes their budget. He recommended the Town Council may wish to hold a Special Town Meeting while the state budget is being resolved. He further stated he would like to meet with the DRA to make sure they are comfortable with this sort of amendment to the budget. If that fails he would like authority to file a petition for declaratory judgment from Superior Court to have the Court review. If we are unsuccessful at that level then he would recommend that the Town Council announce at the Town Meeting that they intend to hold a Special Town Meeting

once the State budget is resolved in an attempt to get voter input and action into a final FY10 budget. The State Legislature is currently studying SB39 which would grant Towns the authority to hold Special Town Meetings in response to the Federal Stimulus Package without going through the normal procedure of Superior Court approval. He has asked that NH Municipal Assoc meet with legislative leadership to see if they can expand that bill to include authorization for Special Town Meeting in response to the Governor's budget. Due to the proposed loss of revenues of about 10% on the Town side, Staff looked at all revenue sources and looked at expense adjustments totaling \$651K to include the reduction of 2.5 full-time employees from staff. He said he would like to wait until the state makes their decision because it could be a lot different. Councilor Farmer said if the DRA's concurrence on that language fails, and the court says no, will we have those decisions before Town Meeting. Town Manager Caron responded that it is a possibility. Chairman Farmer asked if we don't get the permission from everyone and we adopt the budget as currently stated the impact will fall upon the taxpayers. Town Manager Caron responded that the 4 cents per thousand increase may be 43 cents per thousand with the governor's budget. With a house assessed at \$300K it would be a \$126.00 tax increase on the town side only. Chairman Farmer also referred to the Transaction of Other Business Article as another means of talking about the Articles. Councilor Brown questioned what would be in the proposed stimulus package. Town Manager Caron explained we have been told by state officials that there is \$160M in federal stimulus money to offset the anticipated \$200M loss to towns and cities. He said nobody has been told what kind of aid it is; it is understood to be purely educational, and they don't know what conditions are attached to the funds. The stimulus package will be spread over two years. Chairman Farmer cautioned Council that there are a lot of unknowns we have to deal with.

Town Manager Caron said Staff has identified five new revenue resources totaling \$697,960 and he proceeded to go through them:

1. Establish Municipal and Transportation Improvement Fund which will result in an additional \$5.00 per vehicle
2. Levy additional Clerk & Admin. Fees for MV Registration which results in an \$1.50 additional cost per vehicle
3. Current use Penalties to General Fund which results in funds no longer deposited into Conservation Fund. This is for new penalties only.
4. Civil Forfeiture Program – dog registrations - charge \$25.00 if a dog is not registered and it would involve using the dog officers.
5. Property Tax Increase of 2% which results in Town tax rate increase of 2.9%.

Councilor Brown asked for clarification of the first proposal. Town Manager Caron explained \$160K is about 5 cents on the tax rate. A taxpayer with a \$300K house would see a property tax savings of \$5.00. If they have two cars the additional cost is \$10.00 so they save \$5.00, if they have three cars they break even if they have four cars they are paying more. Most of the surrounding communities either charge the extra \$5.00 and/or \$1.50. He said that this has to be adopted by town meeting at a special meeting; Items 2, 3, 4 and 5 are Council policy. Chairman Farmer asked if by adding \$6.50 to the registration does he think the rental companies will leave? Town Manager Caron stated that Town Clerk Meg Seymour researched and found that the surrounding communities already charge one or both those two fees.

Chairman Farmer asked Town Manager Caron if there was any action to be taken at Town Meeting on Current Use Penalties to General Fund. Town Manager Caron said it was his recollection that this was a Council action but he will confirm with legal counsel. Chairman

Farmer said when this was discussed in the Budget process it was left with the Conservation Commission to discuss later in the year but due to the governors cuts it has to be done now. Chairman Farmer said the property tax increase of 2% comes to \$270K, and asked what the pennies would be; Town Manager Caron said it will be 8 cents/thousand; Council's current budget impact will go from 4 cents to 12 cents which is \$36.00/on a \$300K assessed house. Councilor Brown clarified that if we have a consensus to reduce the Conservation Fund it will reduce the governors proposed budget impact by 6 cents on its own. Councilor Brown said if don't want to raise taxes, it has to be made up elsewhere.

Town Manager Caron proceeded to review the Expenditure Reductions:

#1 – Reduction in cleaning services at Town Hall

#2 – Solid Waste Collection

#3 – Pre-buy gasoline and diesel

#4 - IT purchases deferred for a year. Chairman Farmer asked how they would handle broken computers. ATM/Finance Dir. Sue Hickey said the program to install computer laptops in the LFD vehicles would be suspended. We would be reduced down to 8-10 computer replacements for all departments for a year. Chairman Farmer asked if it included replacements in the Library, S. Hickey responded it did include their replacements. No one is getting upgrades.

#5 – General Reductions to the Library Budget – Council has no authority over that budget, therefore a bottom line reduction which the Library Trustees will have to review.

#6 – General Reductions to Recreation Budget.

#7 - General Reductions to Cable Budget – re-directing a greater percentage to the General Fund

#8 - General Reductions to Highway Budget – reductions in cleaning/maintenance/engineering expenses/management services.

#9 - Reduce staff position in Assessing to ½ time

#10 - Reduce 1 Full-time employee in the Police Department

#11 - Restructure Fire Dept. inspection services. Councilor Brown asked if there is a time frame for #11, Town Manager Caron said he would have to have specifics by Town Meeting.

#12 – General Reductions to Finance & Administration Budget

#13 – General Reductions to Town Manager Budget

#14 – Eliminate internship program to Community Development Office

#15 – General Reductions in Family Mediation program

Town Manager Caron summarized the adjustments: the budget presented in the Town Warrant is an increase of 1.76% from the FY09 budget. If the recommendations listed above are adopted the budget will decrease by ¾ of 1%. The budget as posted met the Councils goal of 2% below default; the revised proposal would be 4.39% below default. The tax rate increase from 9/10 of 1% to 2.9% which results in an 8 cent increase from the original proposal, 4 cents to 12 cents. Councilor Wagner asked if we could reduce charitable contributions of \$81K to use this money towards the budget. Chairman Farmer said he would support a general reduction. Town Manager Caron stated the monies go to agencies who help the towns, the less funds received could potentially cause an increase in our general assistance program. He said a 10% decrease might not hurt but reducing in by half could potentially have an impact. Councilor Wagner asked if we can raise dog registrations and if so how much. Town Clerk M. Seymour said it is set by statute we can raise to \$7.50.

Councilor Brown summarized that implementing the recommendations results in an operating budget that is lower by \$629K. We go to 2% below default to 4.39% below default but taxes go up. Town Manager Caron explained the governor's budget has taken 10% of our budget away. Town Manager Caron explained a lot of the departments at Town Hall are small and specialized. If further reductions are necessary the Town is faced with eliminating entire programs. If you target large departments like police and fire, to Town may face public safety implications.

Chairman Farmer asked what the financial impact would be in closing the library one day a week and how much money could be saved. Town Manager Caron said he will have to ask the Library Director. Chairman Farmer also requested that the Town Manager go back to the collective bargaining units and ask them if they would surrender their COLA's and have a wage freeze in general, he needs an answer by 3/2/09. Councilors' agreed it was a fair request. Joe Green, 25 Mammoth Rd, had concerns with issue #10. Town Manager Caron responded it will be up to the new Chief whether the reduction of a full-time employee will be a Captain/Lieutenant or a patrol officer. J. Green said his concern is that a police patrol officer will be eliminated and he is concerned about increasing safety issues. He also expressed concerns with the highway deductions and was concerned that the cuts will affect the safety of the community. Chairman Farmer responded that no decisions were being discussed tonight. Councilor Wagner suggested everyone contact their state representatives to try to persuade the governor to reduce some of the cuts. Councilor Brown reviewed the motion to reduce the existing budget by \$124K in personnel expenses. The Town Manager did provide Council with that information. Recommendations were made by the reduction of a part-time position and restructuring in the Building, Dept., elimination of COLA for all non-represented personnel in FY10, reductions in the Library of \$12K; a benefits savings of \$25K due to changes in two employees; additional over time reductions in the police and fire department of \$7,361.00 each. Chairman Farmer announced there will be a meeting on 3/1, Sunday at 2:00 PM it will continue with the decision process regarding the governors proposal. On 3/2 Council will go through the full disclosure of the Town Manager's decision of the budget reduction of \$124K in personnel expenses. Paul Margolin said there are 6 bargaining units do they all have to agree to the cuts. Chairman Farmer responded they all have to agree. He also announced that the Town Manager has agreed to no increase in his contract extension of one year. Councilors are working for \$1.00 starting July 1st. Councilor Brown stated he was glad the governor did what he did, he had to do something. Councilor Wagner asked if we find out things have changed and the governors cut is not as bad, can we put monies back into the budget, Town Manager Caron responded that is correct.

NEW BUSINESS

State Budget Revenue Alternatives Town Manager Caron stated that we are represented by the State NH Municipal Association; they have asked their membership their positions on different revenue alternatives. They will meet on 3/2 to look at different revenue enhancement measures. Before the meeting he needs input from the Council on:

- Meals and Rooms Tax
- Communications Services Tax
- Legacy and Successions Tax
- Retirement Positions
- Gambling
- Regionalization
- Opposition to Decrease in Revenues

He distributed information on all of the above for Council to review and provide direction. Conesus was to discuss these items at the Sunday meeting on 3/1

Resolution 2009-03 – Relative to the Award of a Contract for Sewer Design Services

Councilor Wagner read first reading, second waived. **Motion to accept Resolution by Councilor Wagner, seconded by Councilor Brown.** Town Manager Caron recommended moving quickly on this so we can take advantage of any sewer funds available from the state. Chairman Farmer said the sewer division budget is a special revenue fund paid for by user fees. **Council's vote 3-0-0.**

Tax Collector M. Seymour said absentee ballots are available in her office and a sample is on the Town website. Elections are 3/10 from 7:00 AM – 8:00 PM in the Londonderry High School Gym. Councilors will be required to be in attendance. Chairman Farmer said the Town Meeting format will be revamped slightly, all awards will be done at the Town Council Meeting scheduled for Monday, 3/2/09 so on 3/14/09 we will go immediately into discussion of the warrant articles. Councilor Wagner stressed the March 14 meeting is probably the most important meeting we have had in 10-15 years.

ADJOURNMENT

Councilor Brown made a motion to adjourn at 8:35 PM Second, Councilor Wagner Council's vote 3-0-0.

Notes and Tapes by:	<u>Margo Lapietro</u>	Date: <u>02/23/09</u>
Minutes Typed by:	<u>Margo Lapietro</u>	Date: <u>02/25/09</u>
Approved;	<u>Town Council</u>	Date: <u>03/02/09</u>