

TOWN COUNCIL MEETING
November 21, 2011

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

PRESENT: Town Council: Chairman, Sean O’Keefe; Vice Chairperson, Joe Green; Councilors: Tom Dolan, John Farrell, Tom Freda (7:29PM); Town Manager Dave Caron; Assistant Town Manager – Finance & Administration, Sue Hickey; Executive Assistant, Margo Lapietro.

Budget Committee Members: Chairman, Todd Joncas; Vice Chair, Richard Dillon; Secretary, Lisa Whittemore; Chris Melcher; Tom Dalton; John Curran (7:07 PM).

CALL TO ORDER – PUBLIC SESSION

Chairman O’Keefe opened the meeting at 7:01 PM with the Pledge of Allegiance. This was followed by a moment of silence for the men and women fighting for our country.

PUBLIC COMMENT

Melanson, Heath and Company, FY11 Audit – Assistant Town Manager/Finance Director Sue Hickey introduced the town auditors from the CPA firm of Melanson, Heath and Company, PC; Frank Byron the President of the firm and Karen Snow the Audit Manager. F. Byron walked the Council through the Comprehensive Annual Financial Report (CAFR) for FY11. Page 13 is an award for the prior year received from the Government Finance Officers Association. The town has received this for the past 8 years and the town should be commended for it. He commented that the audit was done very quickly. Councilor Farrell asked what the other towns do. K. Snow said our books were closed and reconciled in less than 30 days which is an accomplished task. F. Byron said most towns have a goal of getting it done within 4-6 months. F. Byron said Pages 17 – 25 is the management discussion and analysis. That section attempts to put into words what the numbers say in the financial statements. It attempts to summarize the results of operation for all the major funds; it discusses some of the budget policies; some debt policies; capital assets; fixed asset policies; major initiatives that are going on. There are some trends listed as well. He talked about the “OPEB” liability which is a new reliability that is the result of an accounting principal that came out about 3 years ago called the Government Accounting Standard Board State 45 (GASB45). It requires any liability for employees in their retirement, any benefit they get for health insurance has to be actuarially tracked. The town doesn’t directly pay anything for its retirees for health insurance benefits; however the retirees can participate in basically a COBRA type program in the health insurance. The reason there is a liability here is because the retirees become part of the same pool as regular employees and because retirees tend to be more expensive if they were to get their own insurance, not being part of the town’s pool. As a result the town’s rate goes up. Page 30 has a lot of meaningful information; it is the balance sheet submitted on a fund accounting basis which is the way the town and the Dept. of Revenue (DRA) looks at the books when they determine the amount of the fund balance that is available

for reducing the tax rate or for other sources. He reviewed the Assets that have a cash balance of about \$40M. He said all the receivables listed are protected receivables and the town is accruing interest on the unpaid balance at a high interest rate so the town will ultimately collect those dollars. He talked about the deferred revenue under the Liabilities and Fund Balances. It is an offset to the receivables; the \$941,005.00 represents the property tax receivables that existed 2 months after year end. It shows up as deferred revenues because its revenues that were deferred until you openly collect those property taxes. When they are collected they will be considered as revenue at that point. He pointed out that the thing that is significant with this account is that generally accepted accounting principles say that it should be reported as a liability. The DRA when they look at the fund balance to determine the amount that is really available as a funding source, they add that number to the fund balance. They look at it as the town will be ultimately collecting those dollars. Taxes collected in advance are taxes collected in the 2012 year in the amount of \$29,069,577.00.

The Unassigned fund balances used to be called Undesignated Fund Balance. That is probably one of the most important numbers in the amount of \$3,309,342.00 because that is used as the starting point for the calculation of the amount of fund balances available to the funding source if you want to reduce tax rates or for Capital purposes which is what is typically used. It is down about \$660K from last year. It is still a very strong balance. The bond rating agencies pay attention to the fund balance. They like it to be in the 5%-10% range of the budget. At \$3.3M it is 11% of our budget so it would be a very strong balance. The bond ratings received recently indicate that. They are impressed with the fact that when we use some of the fund balance we use it for capital items, we don't just use it to reduce the tax rate. The DRA will take the \$3.3M and add that deferred revenue liability of \$941,005.00 to that. They would look at the fund balance of about \$4.2M. Page 32 is the income statement and he referenced the net changes in fund balances, revenues were short by \$1.6M due to a lot of carry forwards from the prior year that was spent in the current year. It showed up as a loss. The rest of that loss is the use of fund balance during the year as an expense. Page 34 summarizes the budget but there is a more detailed line by line summary on pages 80 & 81. Appropriations and Expenditures are also on page 34 but a detailed summary is on page 82 & 83. He said our revenues were short but due to timing differences the expenditures related to the prior year do not get listed in this area. Incumbencies at the end of the year get treated as if they were expended; it is strictly dealing with the 2011 budget. The revenues were short by \$182,144 however \$843,769.00 was not spent at the end of the year. Subtract the shortfall of revenues from the money not spent leaves \$661,625.00 which added to the fund balance. We still do have a strong fund balance. F. Byron said they have a Management Letter that offers recommendations. He recommended not letting the reserve fund go down because bond companies look at that. Councilor Dolan asked for a comparison of Londonderry to other communities. F. Byron said in financial strength we are in very good shape, the town does a very good job managing its fund balances, the town does a very good job at maintaining its books, not a lot of communities compile a CAFR in NE, we are one of the 7-8 towns that do it. GOFA evaluates the CAFR and they provide a critique; Londonderry has just had minor things. Financial operations are maintained well, the numbers look good.

K. Snow said the management letter indicates no serious weaknesses or deficiencies. She said there were just 3 issues. The first was a repeat of last year which dealt with continuing the process of improving how we report encumbered bonds. This is a weakness in the New World software. S. Hickey has been working hard to fix that. The second recommendation is tracking

grants particularly federal grants that must be tracked because if you spend over \$500K in federal grants in a year you have to have what is known as a “single audit” or a federal grant audit that needs to be completed. They should be tracked and identified if they are federal or state grants. The third item is to consider the segregation of duties related to shared accounts in the finance and treasury functions. NH has elected Treasurers, the town has a Municipal Code that defines their duties, make sure their role is in compliance with the Municipal Code. Town Manager Caron said he will review the Municipal Code and come back to the Council. K. Snow repeated none are considered to be significant deficiencies. Councilor Farrell referenced the Treasurer position and said we don’t have to do anything, we are not in violation of anything if we choose to keep that authority with the Treasurer. K. Snow replied that was correct it is a matter of making sure that the Treasurer is doing what is stipulated in the Municipal Code. Councilor Dolan referenced page. 28 in the CAFR about the OPED liability of \$1,843,213.00. He asked if there were any other towns that have that as a funded liability. F. Byron said nobody has been funding what the actuaries are suggesting. Councilor Dolan said that he understands we are paying for that out of operating expenses on an annual basis as it occurs. F. Byron said that is correct through the premiums for employees. Councilor Dolan asked if that was acceptable and F. Byron said it is consistent with what other towns are doing. From a conservative point of view it is always better to fund liabilities. The actuaries are looking at it, and it is being reported in the annual financial statements. He said the \$8M compared to other communities is tiny. The actuaries say right now we should have \$8M in the bank. You are given 30 years to fund it; it is weighted heavily in the first 3 years. The \$1.8M is the first three years of that funding schedule which is about \$600K. Councilor Dolan said if we continue to fund this like other towns in NH out of each year’s operating budget is there any negative impact to our cash availability, what do you see as dangers going forward with our current way of doing business. F. Byron said the fact that we have that unfunded liability that is building will ultimately reach about \$8M, that is it. It is a liability that only gets reported on the accrual basis page of the CAFR, it does not get reported as a liability in the general fund. It will never take away from the undesignated fund balance. F. Byron said the whole point of GASB45 was to just bring this unfunded liability to light. Councilor Freda clarified that we don’t pay into the health fund for retirees, we just have an obligation. K Snow clarified that we don’t make any direct payments but because the retirees receive the same rate as your current employees for health insurance, there is an implicit subsidy. If they are in the pool then you are going to assume their rates will be higher so they will raise the rest of the pool with them. Councilor Freda asked then who pays their benefits. F. Byron said the town is paying the benefit through your current employees insurance. Discussion ensued about the GASB45. Chairman O’Keefe thanked the Town Manager and Staff for an excellent job on the CAFR.

Bill Pingree, 39 Hardy Rd asked if Resolution 2011-18 will be a decision vote and public input on 12/5. Chairman O’Keefe explained the Resolution will have a public read only tonight, if the Council votes to send it to a public hearing/public input on 12/5 it will go forward. B. Pingree said the prior meetings dealt primarily with the fact that the businesses were getting preferential treatment over the residents. B. Pingree recommended tabling the Resolution because there is a documented issue that Fire Marshall Johnson brought up saying not re-naming Harvey Rd. presents a safety issue. He said it is in the meeting minutes of 10/24/11, he suggested reading through the meeting minutes from mid-August to the present. Councilor Green asked if changing the street name was not acceptable – would a variation of that name be acceptable – B. Pingree said they are not acceptable to the changes and he expressed concern that it would cause more confusion to emergency vehicles. Chairman O’Keefe asked him what his suggestion is

dealing with the E-911 issue. B. Pingree said he understands it is only a recommendation, it is not a mandate.

Curtis Bowles, 57 Hovey Road said he feels you should let the people talk about the name changes on the roads. Chairman O'Keefe explained it will be read tonight and if Council votes it will be read a second time and open to the public for comments on 12/5/11. If we kill it tonight then it is dead. Councilor Farrell said it can come back and the people can come back and voice their opinion at that time. Councilor Dolan explained the process to him.

PUBLIC HEARING

None Scheduled

OLD BUSINESS

None Scheduled

NEW BUSINESS

Resolution #2011-18 – Relative to Renaming Hardy Road and Hovey Road Councilor Green made a motion to move, second by Councilor Dolan for discussion. Councilor Farrell said he does not see a necessity for a change; there is a historic value to the roads, there has to be another way to work through it. The cemetery located on that road has Mr. Pinkerton buried in it. Councilor Dolan questioned that this is a recommendation from the state; our Resolution speaks to the non-compliance. Town Manager Caron said the State 911 system had adopted standards by which they encourage all municipalities to follow to reduce the potential for errors when dispatching public safety equipment. They have a list of criteria which our Street Naming Committee has identified these streets that should be considered for a name change per the 911 criteria. The Committee has been in front of the Council a number of time but the standards are not mandatory. Councilor Dolan asked Londonderry Fire Chief MacCaffrie about the frequency of recurrences where there have been errors regarding Harvey, Hovey and Hardy. He responded none in recent times other than Harvey; the business was not on the street but on No. Wentworth. He explained with the use of cell phones when you speak to a 911 operator nothing comes up on their computer screen other than the location of the cell tower, therefore you have to say the word of the address. By speaking the name some confusion can happen. Councilor Dolan said this recommendation is made based on their 911 interpretation of a confused interpretation; there is no history of problems. There are definitely areas in town where there is some confusion; he is not comfortable with this change unless we get supplemental information that says that is occurring on these three roads. Chief MacCaffrie said they do this for the safety issue; there is the possibility of errors on the streets. Councilor Freda asked if the Taskforce changed the name based on the criteria of the commonality of the names. Town Assessor Karen Marchant said those three streets were chosen due to their similar sounding names when calling for the service of fire/police. She said she can't say that anyone has gone to the wrong property, but the roads have come across the airways and have been confusing to the police officers and sited an incidence in October or early November when the first responding police officer was going to the correct address but the second responding officer was going to the wrong street. Dispatch corrected the second officer. Lt. Tim Jones of the Londonderry Police Department said not all cruisers have mobile data terminals. A call is sent via radio first then through the terminals.

Councilor Green asked him if he has had any issues come to mind with these 3 streets. Lt. Jones responded he couldn't recall any specific instances but the dispatchers have adapted to it but some incidences have happened. Councilor Green said they are similar sounding names but if we have not had any issues why do anything about it. Chairman O'Keefe said we have a lot of back-ups in place with the dispatchers, he does not agree to it. Councilor Farrell said if the committee can come up with something that makes sense historically then OK. Chairman O'Keefe said he would like to table the idea, he does not think it is an issue. Councilor Dolan said he going to vote no tonight, leave the subject open and get more data e.g. how many incidents occurred over so many years. Councilor Dolan made a motion to take a vote. Chairman asked the Town Manager to get the Dispatch Committee the information to prove there have been problems. He would like to know the back-ups used when dispatch makes the call. **Councils vote 0-5-0.** The motion fails there will not be a hearing on 12/5/11. Chairman O'Keefe explained to the public that they instructed the Dispatch Committee to get more information on it if it is an issue and get the methods used in Dispatch to send vehicles to those roads. Councilor Dolan explained the Resolution is dead it can come back to us with a recommendation from staff or the Town Manager, a new one will have to start from scratch.

Ordinance #2011-11 – Relative to Revisions to the Municipal Code, Title IV, Chapter IV Junk Yards/Dealers; Title IV, Chapter IX-A, Individual Sewage Disposal Systems; Title II, Chapter III, Special Regulations; and Title VI, Chapter IV, Safety Regulations. Councilor Freda read the first reading, second reading/public meeting scheduled for 12/5/11 **and made a motion to accept, waive the reading of the summary, second Councilor Green. Council's vote was 5-0-0.**

Resolution #2011-19 – Relative to the Establishment of the Solid Waste and Environment Committee Councilor O'Keefe read the first reading and **made a motion to adopt, second Council Farrell. Council's vote was 5-0-0.**

Ordinance #2011-12 – Relative to an Amendment to the Zoning Ordinance regarding the Demolition Delay Ordinance - Councilor Dolan read the Ordinance and **made a motion to adopt, second reading public hearing 12/5/11, second Councilor Farrell. Council's vote 5-0-0.**

FY13 Budget Review – Town Manager Caron said he had 10 action items from Saturday's budget workshop. He stated if there are any more questions to get them to him ASAP for the budget workshop scheduled on 11/28. At the conclusion of the budget workshop scheduled for 12/1/11 he said he will need votes from Council for the vote on the preliminary budget recommendation for the first public hearing on the budget scheduled for the beginning of the year.

Town Manager Caron reviewed the items that they were getting additional information on: bring back the ambulance fee Resolution; the library needs to provide documentation on how their budget is going to be expended; LFD is investigating the costs of additional personnel versus overtime and the impact of providing ambulance service to Litchfield; looking at the issue of SAU funding for the LPD's request for an additional SRO; Town Clerk is looking at the issue of the impact and expense of providing 3 polling places in the community; the Budget Committee will be setting up a process to have a liaison attending union negotiations or setting up a non-public meeting to discuss negotiations with the Town Manager; Library Director will

come in front of the Council on 12/5 to review her technical plan; working on the road bonding and transition to property tax funding; developing on what recommendations would be if the town decides to adopt the default budget. Councilor Green talked about the need for enhanced special need medical items at the emergency shelter. Town Manager Caron said the LFD Chief is doing that and attempting to identify grant monies for that. Councilor Freda asked the Town Manager if he was doing an analysis of the road bonds and he responded yes. Budget Committee Chairman Todd Joncas said at this time they don't have any more to add to Saturday's budget workshop but will have more recommendations going forward. John Curran said he needs more information on the Management Service Account, he said he will talk to S. Hickey about it because sometimes things go into it that can be cut. Councilor Farrell asked how overtime salaries will look like going forward with 4 additional firefighters. Training and benefits are going up, can he look at that; cleaning and maintenance is going up 26%, can he look at that. The cable studio staffing issue should be looked at. Chairman O'Keefe said it would be great if the Town Manager can give us an idea of what the default will look like and what it will take to get there. There is a real possibility we will recommend a budget and it might not pass and the taxpayers will go for the default. Town Manager said if Council or the Budget Committee has questions to e-mail them to him between today and Monday.

APPROVAL OF MINUTES

Minutes of Council's Public Meeting of 11/07/11 - Councilor Dolan made a motion to approve the public meeting minutes of 11/07/11, second Councilor Farrell. Council's vote was 5-0-0.

OTHER BUSINESS

Liaison Reports - Councilor Farrell went to the ribbon cutting of the Ray Wieczorek Way with the Town Manager.

Town Manager Report – Town Manager Caron recommended establishing a date for the report from PSNH for the Halloween storm damage for Saturday 1/7/12. Chairman O'Keefe explained this meeting would involve the Council, the public, and PSNH. Councilor Dolan asked if the PUC will be involved, Town Manager Caron said he has to communicate with them to see to what extent they want to be involved. Councilor Dolan asked if we qualified for any FEMA grant money and S. Hickey responded yes, they are filling out grant paperwork. Town Manager Caron stated that at this time we do not know what that amount will be. Councilor Dolan asked if the brush clean-up would be included. Town Manager Caron said that is the variable.

Board/Committee Appointments/Reappointments

- 1) Re-appointment of Paul Donehue to the Londonderry Housing and Redevelopment Authority, 5 year term to expire 12/31/16
- 2) Re-appointment of Martin Srugis as an Alternate to the Solid Waste Advisory Committee, 2 year term to expire 12/31/13
- 3) Re-appointment of Mary Soares to the Planning Board, 3 year term to expire 12/31/14.

- 4) Re-appointment of Janet Cichocki to the Heritage Commission, 3 year term to expire 12/31/14.
- 5) Re-appointment of Deb Nowicki to the Londonderry International Exchange Committee, 3 year term to expire 12/31/14
- 6) Re-appointment of Jay Hooley to the ZBA, 3 year term to expire 12/31/14.
- 7) Resignation of Rosemary Dann from the Londonderry International Exchange Committee.
- 8) Resignation of John Wissler from the Solid Waste Advisory Committee.
- 9) Resignation of Vicki Keenan from the ZBA.
- 10) Appointment of Martin Srugis to the Southern NH Planning Commission as an Alternate Member, term to expire 12/31/12.

Councilor Dolan made a motion to accept all the above, second Councilor Farrell.

Councilor Green thanked the people who resigned. Chairman O'Keefe thanked everyone who signed up again. **Council's vote was 5-0-0.**

ADJOURNMENT

Councilor Farrell made a motion to adjourn at 8:43 PM, second Freda. Council's vote was 5-0-0.

Notes and Tapes by: Margo Lapietro Date: 11/21/11

Minutes Typed by: Margo Lapietro Date: 12/01/11

Approved by: Town Council Date: 12/05/11