

TOWN COUNCIL MEETING
March 1, 2009

The Town Council 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; Councilors, Mike Brown, Paul DiMarco; Town Manager, Dave Caron; ATM/Finance Dir., Sue Hickey and Margo Lapietro, Executive Assistant.

CALL TO ORDER – PUBLIC SESSION

Chairman Farmer opened the meeting at 2:08 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 called to review the proposed response to the Governor's budget, which reduces revenues to Londonderry in the amount of \$1.33M. He stated that the state budget won't be adopted until June. He said the Council wanted a plan in place when the final budget is passed. The Council asked the Town Manager to provide them with a list showing where the proposed cuts would be made.

Town Manager Caron said he was notified by the school business manager that the school district has been notified by the state that they will receive another \$1.1M in IEEA funds. He stated that we don't know the timing, context, requirements; and don't know if it can be used as an offset to the governor's budget. He also stated that the first item on his list, the Municipal and Transportation Improvement Fund will require more study; there is a bill in the legislation to further refine that statute. He said there is no additional news at this point regarding changes in the state budget. On the Expenditure Reductions he did have an item to restructure the Londonderry Fire Department (LFD) Inspection Services. He received an e-mail Friday evening from Chief MacCaffrie suggesting some alternatives including fee enhancements and expenditure adjustments. He suggested continuing looking at the \$85K impact from the LFD.

Budget Adjustment Plan: Library Director Barbara Ostertag-Holtkamp and Board of Trustees Chair Richard Matchie were in attendance. The Library Trustees had a meeting 2/24 and they reviewed a \$35K cut in the proposed budget. They came up with alternatives, close the library on Saturdays, reductions in material and staff reductions. The Saturday savings would be \$47,614 for one year. Councilor DiMarco asked if they considered closing another day during the week, B. Ostertag-Holtkamp responded they did and it was the consensus that Saturday would work out. Councilor DiMarco asked what is the "Trustees Account"? Barbara said it is an account for donations. R. Matchie said they normally don't use that money for operating expenses. B. Ostertag-Holtkamp said donations are down 98% this year. Chairman Farmer verified that the library would be implementing this if we face this shortfall; she responded they will but they will still have to do something because they are still short \$30K. Al Baldasaro, 41 Hall Rd talked about what other towns are spending. He passed out information from Auburn and pointed out that different departments in Auburn are closed a day a week. He suggested Town Hall either change their hours or close a day. He also said that Candia extended the life of their trucks for one year. He suggested we do the same and hold off on the \$300K Warrant Article for one year. He brought up insurance issues and asked if by doing that did it affect our insurance rates.

Councilor Brown asked how many residences were in Auburn. He said he thought they had about 9K homes. Town Manager Caron confirmed that Auburn has 4,682 residents. Chairman Farmer said they would look at his suggestions and proceeded to review all the following Revenues:

1. Establish Municipal and Transportation Improvement Fund - Being reviewed per Town Manager Caron
2. Levy additional Clerk and Admin. Fees for Motor Vehicle (MV) Registration - Sean O'Keefe, 163 Mammoth Rd said if we raise the fees we might loose income from the rental cars. He also stated this will result in more taxes on the taxpayers. Councilor Brown stated the Town Manager's remarks last Monday informed the Council that raising MV fees will make us competitive with surrounding towns. Most charge a \$3.00 agency fee we charge \$2.50. Renewal applications are \$1.50. A. Baldasaro asked how much Manchester charges, Town Manager Caron responded \$3.00. Councilor DiMarco said we need to look further into this item; it is a risk, we don't want to loose rental cars. We could raise the tax rate by over a penny or it has to come from somewhere. Town Manager Caron responded if Council enacts the first item and an owner has a home assessed at \$300K, the net savings for 2 vehicles would be \$5.00, it would be a break even for 3, 4 or more would cost the taxpayer. Sean O'Keefe said it is coming out of the taxpayer's pocket, look deeper into the budget. He asked why not restructure positions in town government. Tom Freda asked how much it costs to register a car now. Town Manager Caron responded in addition to the MV permit fee which is based on the age and value of the vehicle, currently the Town Clerk charges \$2.50 for the agent fee, \$3.00 for MV reclamation fee. T. Freda asked how many rental car agencies register their cars in Town; Town Clerk/Tax Collector Meg Seymour responded there are three: Thrifty, Dollar/National and Enterprise. Enterprise registers about 5K per year; Thrifty and Dollar have about 500 each. Sean O'Keefe asked if they can go to another state, M. Seymour said they can. John Farrell said we should keep what we have and go to the other larger companies and see if they would be interested in registering in Londonderry. Councilor Wagner said we should hold off on #2 until we find out the ramifications, we don't want to lose \$1.4M in revenue. Richard Matchie said he thought we had an agreement that Enterprise always had to register their cars in Londonderry. John Farrell from the Planning Board said there was an understanding that they would register in Londonderry.
3. Current Use Penalties to General Fund - Chairman Farmer explained there is a significant amount of property that is in current use; they pay a lower assessed value on their property. When it comes out of current use because a developer has bought it there is a penalty that gets paid. Those funds by policy go to the Conservation Commission as part of the Open Space purchasing account. The Council will temporarily re-direct the funds for FY10 to the general fund this will not be permanent. Town Manager Caron said these monies will not impact monies currently in the fund. Councilor DiMarco questioned the anticipated \$200K. Town Manager Caron said it is slightly more than past performances which have been about \$180K. Councilor Brown said we can temporarily change policy to re-direct \$200K for FY10 to help reduce the tax impact by 6 cents on this item. A. Baldasaro said he attended the last Conservation Commission meeting where they talked about spending \$1.2M for some property. He asked how much money was left over and it was reported to be \$500K. Councilor DiMarco said the funds they are using for a recent proposed purchase are funds they already have through bonding. The monies being proposed now are for future funds. Budget Committee Member Mark Oswald said there

were recommendations during the budget process to take \$104K to be used from conservation funds and either the DRA or state statutes prohibited that. Chairman Farmer said that was a suggestion. Council decided not to look at that this year, but they would have a dialogue with the Conservation Commission this summer about how to treat those appropriations in the future. The loss of \$1.33M changed everything. M. Oswald suggested Council meet with the Conservation Commission sooner than later. M. Oswald said speaking as a taxpayer said we have lost sight that 85% percent of residents rely on aquifers for their water source. He requested that Council give that some consideration. We are preserving our land and water which is necessary for the quality of life in Londonderry. He asked Council to reconsider cutting the \$200K. George Herrmann a member of Cons. Comm, said that three years ago it was a temporary situation to not fund Open Space, it has now been three years with no funding. He said Open Space is part of this community; land is valuable to the aquifer. Those funds are there so the Cons Comm can act on land when it becomes available, it will affect opportunities to go forward. Councilor Wagner said we had to look at all areas, she said she understood his concern that not funding Open Space could be a habit but she stated that they are only looking at one year, if these cuts are not done the Town will have to lay off employees. We need to do that this year and she requested that it not be continually done each year. Chairman Farmer stated we can set a review date in a Resolution that we review it again, that way it won't bind anyone. Councilor DiMarco said this is the worst case scenario, put a review date on it do it this summer. Paul Nickerson, 7 Sparhawk Dr., a member of the Cons. Comm. said he has seen the long term value of open space. With no more bonding, this is our last source of Open Space money. Quality of life is more than 6 cents on the tax rate. M. Oswald said the \$500K is the balance left over after the Estey land purchases. He asked Council to consider the lead time in making open space purchases. Planning Board member John Farrell said the Town has spent over \$14M in Open Space over the last 10-12 yrs. He asked if the Moose Hill property is presented this year can they move quickly on it at special election. Cons. Comm replied that it is entirely possible. Since 1999 stewardship and how to drive revenue out of it has been an issue. He asked Council if they would consider a special election and moving quickly on properties.

Chairman Farmer stated that three years ago there was a hold on Open Space. Shortly after that an analysis was done to look at the potential cost savings to kids in school, was it actually realized through the math. A decision came back and said no. The Budget Committee, CIP and Council looked at it the following year and a decision was made to control debt service. He said if no one is willing to take additional deductions then the taxpayers will have to pay an additional 39 cents increase on their taxes. He said we should address the revenue side first before reducing staff. He agreed it should be a temporary hold. T. Freda asked Town Manager Caron to use 50% of current use penalties for conservation and the other 50% to the general fund. Town Manager Caron responded they can apply any percentage or any set amount. T. Freda asked what the Cons. Comm. uses for their stewardship costs, M. Oswald said the majority of the \$3,500 is for stewardship, a lot is done by the commissioners. He said they have been fortunate to have interns from UNH who have been helping out. M. Oswald said Cons. Comm. has talked about the need of a park ranger for some time to handle day-to-day issues. The appraisals come from Cons. Comm. funds and they are generally 50/50 between the land owner and Cons. Comm. for developmental rights for a particular parcel T. Freda said Open Space is not maintained properly and the reason being is because the

is not a funding source. We should pay for what we need to pay for in order to maintain it. If it costs \$3K or \$5K to do stewardship then it should come out of the current use tax. Whatever else would be a profit and it could be used for the general fund if it is needed. Chairman Farmer said those were the types of things that would be part of the conversation for this summer with Cons. Comm.

4. Civil Forfeiture Program – Dog Registrations. Councilor Brown said he is in favor of it; as it is responsibility of the dog owner. Residents who follow the law and do pay to register their dogs are treated unfairly when the residents who don't follow the laws get away with it. Councilor DiMarco stated he is in favor of following state statute. He said he was surprised we have over 800 violations a year. Chairman Farmer said he did not recall why we did away with this program. Town Clerk/Tax Collector Meg Seymour said we did away with it because her office sent out 1200 letters; the Council was overwhelmed with the amount of phone calls they received regarding the letters. She said in the past it was not consistently done which it should have. It is for the protection of the community. She asked Council to back-up her staff. Chairman Farmer asked for this to go on the Council agenda in June.
5. Property Tax increase of 2% - Councilors Farmer and DiMarco said if we get the money back from the governor this is first adjustment they want gone. Councilor Wagner asked what the increase would be and Town Manager Caron responded it would be an eight cent increase. Councilor Brown clarified it would go from 4 cents to 12 cents and is based on capturing all of the revenues listed. Councilor Brown said we need more info about the \$1.1M coming for special education funding to the school, we don't know when, if any strings are attached or if it is a policy decision or not. He asked Town Manager Caron if he can get more information. Chairman Farmer asked School Board member George Herrmann if he could address that item. G. Herrmann replied he was not in a position to speak about it; things need to be worked out. The School District won't know anything until they hear from governor. He said if we held this meeting later it might not be necessary to hold this meeting because it could be a wash. Chairman Farmer said if we do nothing we have a 39 cent increase in the tax rate. A. Baldasaro asked if we can make changes to the budget up to the day of town meeting on 3/14/09. Town Manager Caron responded our town attorney believes that Town Meeting has authority to delegate to Town Council. The responsibility of adjusting the budget after the Town Meeting depends upon the ultimate determination of what is going to happen to our state revenues. That question was presented to DRA mid-week last week and he will be following up this week to make sure they concur with this understanding. He said to expect the state budget to be finalized in June and we will have a better picture of the state impact on the town budget. At that point the Council can make its determination to establish the Town tax rate in September.

Reductions:

1. Reduction in Cleaning Services at Town Hall – Town Manager Caron said they propose to reduce cleaning from 5 days per week to 3 days per week.
2. Solid Waste Collection – Town Manager Caron said he received a revised forecast that our collection tonnage will remain flat in FY10 if the economy stays the same. If the economy improves that line item may be overextended. Public Works will advertise for a new contract for solid waste collection. He said he is not sure if there will be any savings

resulting from that effort. We do have the ability to extend our current contracts for a small, favorable increase in price.

3. Pre-Buy Gasoline and Diesel – Town Manager Caron said he is working with the vendor to tie down our fuel prices for FY10. Chairman Farmer asked if we can get together with other towns to buy as a group. Town Manager Caron said we have done it in the past, sometimes there were no savings. Councilor DiMarco asked if we have tried to reduce the usage of gasoline. He responded yes and a year ago he sent out a memo directing that wherever possible, usage be reduced.
4. IT Purchases Deferred – Town Manager Caron stated that if the governor’s budget proceeds, we will scale back on replacing IT equipment. Councilor Farmer asked how many fire vehicles were we deferring installation of laptops. Chief Kevin McCaffrey said they planned to install eight laptops with docking stations into the vehicles. Councilor Wagner asked what the price was for the 8 laptops. S. Hickey responded \$16K. Councilor DiMarco asked what the other reductions were. S. Hickey responded that they were planning on doing 10 office upgrades and some computer replacements among departments.
5. General Reductions to Library Budget – Town Manager Caron stated this was already discussed; the savings are higher with the new library proposal.
6. General Reductions to Recreation Budget - Town Manager Caron said the reductions involve general supplies, water expense, electricity and machines. Councilor DiMarco asked them to see if there were any further reductions. Chairman Farmer said a lot of the costs are self-sustaining and there are a lot of shared costs with the school department. If we ask for more we could work against ourselves.
7. General Reductions to Cable Budget – Town Manager Caron said the cable director has deferred funds in capital purchases. Anticipated \$64K in franchise fees will be directed to the general fund would have to be increased to \$86K. Councilor DiMarco asked if this was just deferring purchases or is it going to effect equipment that has failed. Town Manager Caron responded it is currently not critical, just delaying purchases. A. Baldasaro asked if these recommendations came from the department managers or from the Town Manager and ATM. Chairman Farmer responded they are a result of the Town Manager asking department heads to reduce their budgets by an additional 8%.
8. General Reductions to Highway Budget – Chairman Farmer asked Public Works Director, Janusz Czyzowski if we are getting into some un-safe territory to maintain the roads. He responded the cuts were made in engineering, management services, cleaning/maintenance and storm drains. T. Freda asked for an explanation of the difference between shim and overlay and road re-construction. Janusz proceeded to explain. Chairman Farmer suggested a prioritized list for Public Works.
9. Reduce Position in Assessor’s Office to Half-Time – Town Manager Caron explained the full-time secretarial position in the Assessor’s Office was reduced to half-time.
10. Reduce a full-time position in the Police Department – Town Manager Caron stated the new Chief will make a presentation regarding the Department’s administrative structure.

Councilor Wagner asked when will the position for the new Chief be decided, Town Manager Caron responded by the end of March and they were looking at promoting from within. Councilor Brown explained this procedure is a continuation of Council's current policy of attrition during re-structuring, he said he was pleased with it being on the list. Councilor Wagner said she agreed with Councilor Brown. Councilor DiMarco agreed that it was best to let the new Chief make the recommendation. Both Councilors DiMarco and Wagner agreed that if the governor does not make cuts that this is a priority not to cut.

11. Restructure Fire Department Inspection Services – Originally the proposal was to review inspection services, we have two inspectors who share various responsibilities for that job. The Chief has returned with additional information including some revenue enhancements.
12. General Reductions to Finance & Admin. Budget – Town Manager said the reductions would include some overtime expenses, tuition reimbursement, possible part-time salary with the Academy of Finance Program in conjunction with the Londonderry High School.
13. General Reductions to Town Manager Budget – Town Manager Caron said these would involve reductions in seminars, workshops and management services.
14. Eliminate Internship program in Community Development Office – Town Manager Caron said that program will be eliminated, we would have to re-prioritize our planning work and determine which projects can be delayed and what other projects would have to be maintained as a higher priority with the current full-time staff. Councilor DiMarco said he agrees to the elimination of one program for one year but has been on the Planning Board for five years and saw the advantages of this program, would not see it as a long term thing. A. Baldasaro asked why is the intern paid. He said they have interns that work at the state house and they don't get paid. Town Manager Caron explained it is summer employment for a college/masters student and the Town has not had success attracting interns without paying them. Chairman Farmer said there are a lot in this field who are paid for internships. Chairman Farmer said this is a low priority if the Governor's budget does not go through.
15. General Reductions in Family Mediation Program. Town Manager Caron said these reductions were made in operational expenses and training.
16. Councilor Wagner re-addressed charities who receive \$81K. She said a 15% reduction across the board will save the Town \$12K. Councilor DiMarco agreed to 10 – 15%. Councilor Brown said there might be unintended consequences because people might come to the Town for general assistance. Chairman Farmer suggested reviewing the list; some organizations might have more of a detrimental impact. Councilor DiMarco said this should be added to the priority list if the Governor's budget does not go through. Consensus was to reduce contributions to all charities by 10%.

Councilor Brown said that A. Baldasaro brought up the idea of changing the hours of operation, he asked if the Town Manager had considered it. Town Manager Caron said he is currently looking at it, labor contracts with staff specify the hours they work. He said he wants some

direction from the Council before he starts that process, as the change would have to be negotiated with the unions. The Council can reduce positions but they can't circumvent a collective bargaining agreement through reorganization. Councilor Brown reminded the public that everything being done today is above and beyond the last motion they made which was for the Town Manager to find \$124K in personnel staff reductions. That is already in the budget, the reductions being discussed this day are on top of it.

Sean O'Keefe, Mammoth Road said the stimulus package might include Exit 4A. If Exit 4A is on the list what does it mean for the taxpayers. Town Manager Caron said the Town is obligated through a court settlement and a town meeting action for \$5M. He said the stimulus package does not include any money for any specific projects. One of the requirements approved by Congress and managed by the State is that all the monies will be distributed through existing programs. As of now with \$130M in state DOT monies the state has reserved between \$4.5M and \$11.5M for municipal projects. The list he has seen is a long list of municipal bridge repairs throughout the state. Exit 4A is not part of the stimulus package. S. O'Keefe asked when is the state finishing the Litchfield/Mammoth Road project. Town Manager Caron replied it is a two year project and it will be finished in the summer of 09. Councilor Wagner said the intersection on Page Road will have the monies coming quicker. Town Manager Caron said we have been assured that we will be reimbursed for that project. He said there are also funds available from the clean water act for sewer work. J. Czyzowski has filed an application for a portion of the Pettengill Rd. project. Councilor Wagner said she and staff met with the governor and the DOT commissioner and received a polite no for funding for Pettengill Road.

Councilor DiMarco stated that he wants to look through the Budget Adjustment Plan to prioritize the list after town meeting so the plan is ready to go. Councilor Wagner said she would like to wait for the figure from the state to prioritize and address this plan in June.

Councilor Brown said that Council came to a consensus at the last meeting to see if the unions were willing to have wage freezes. Town Manager Caron said they will respond to him by next week.

A. Baldasaro asked why are just the unions doing a freeze why not ask all personnel. Chairman Farmer said that all non-union employees including the Town Manager have already agreed to a wage freeze for FY10.

At this point in the meeting Council recessed for a short break.

New Hampshire Municipal Association (NHMA) - Town Manager Caron had distributed a list of options for state budget revenue items that the NHMA requested input on. The Councilors were asked to review them and come back to this meeting with their input.

Meals and Rooms – Councilor Brown asked the Town Manager what his recommendation would be on this item. Town Manager Caron said he recommended a and b:

- a) Support Meals & rooms tax increase as long as it is shared with municipalities and
- b) Support Local option meals and rooms.

He said a message needs to be sent to the State Legislature because over the year the state legislature has reserved the right of taxation to itself, consolidated taxes at the state level, and fails to share those revenues as promised. If the state aid keeps being reduced to the local level

then taxpayers should have the option to determine which revenue sources should be used to fund local services. Consensus was a & b

Communications Services Tax. – Town Manager Caron said this was first enacted in 1990 at 5.5%, it is at 7% now and there is a recommendation to increase it 1% which would bring in about \$11M. Item b (support adding to wireless) has already taken place and is applicable to wireless. Councilor Wagner verified it is an increase from 7% to 8% on all phone bills which would raise an additional \$11M. Councilor DiMarco said he does not support a tax on cell phones. Councilor Brown agreed wireless is not a luxury thing. Consensus “Other” – don’t support it.

Legacy & Successions Tax - Town Manager Caron explained it is the estate tax. If an immediate family died and left you money you would not get taxed. If you had a non-lineal relative or a wealthy neighbor who left you money, it would be subject to a tax. Consensus was not to see it re-instituted, Council does not support it.

Retirement Positions – Town Manager Caron explained a & b were to oppose increases to the Town’s cost. He said he needed guidance on c which states “Support deferring state’s obligation in lieu of reducing state’s 65% share” If the state does not have the cash at this point and they don’t want to pay 35% this year; they want to change the law and make it up in later years. He said he does not want to see it become a local obligation. Town Manager Caron recommended looking at a & b. Consensus was to support a & b:

a – Oppose increases to Municipal Employer Costs

b – Oppose increases to Municipal Employer 65% share for police and fire employees

c - Support deferring state’s obligation in lieu of reducing state’s 65% share – Town Manager explained the state wants to go from 35% to 30%. If the state wants to pay 30% and defer the extra 5% later then it is their responsibility not the municipalities. Chairman Farmer said that deferred items do not have a positive effect on anybody. Consensus was to support both a & b.

Gambling – Town Manager Caron explained that NHMA requested the proponents and opponents of gambling to submit statements which were copied to the Councilors. Councilor Brown said that a position on gambling could be such an individual thing. Town Manager Caron suggested that Council take no position, other than a local control option. Consensus was no position other than local control.

Regionalization – Town Manager Caron said that has been an ongoing town goal, as evident by collaboration with the School District.

Opposition to decrease revenues – NHMA has a meeting every other year where they review their policies. It has always maintained the position to be in opposition to a decrease in revenues from the state. Keeping that in place was the consensus of the Council.

ADJOURNMENT

Councilor Wagner made a motion to adjourn at 4:56 PM Second, Councilor Brown. Council’s vote 4-0-0.

Notes and Tapes by:

Margo Lapietro

Date: 03/01/09

Minutes Typed by:

Margo Lapietro

Date: 03/04/09

Approved;

Town Council

Date: 03/16/09