

TOWN COUNCIL MEETING – 2nd BUDGET PUBLIC HEARING
January 12, 2012

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; 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 Whittimore; John Curran (7:17PM); Dan Lekas; Chris Melcher; and Tom Dalton,

CALL TO ORDER

Chairman O’Keefe opened the meeting at 7:00PM with the Pledge of Allegiance. This was followed by a moment of silence for the men and women fighting for our country.

PUBLIC COMMENT

Jack Falvey, 22 Cortland was in attendance and talked about the Planned Unit Development (PUD) at Woodmont. He presented 168 signed statements from taxpayers who have indicated they are not happy with the development. He implored the Council to listen to the taxpayers. He also stated that he submitted to the Planning Board on 6/8/11 a list of questions that have not been answered. He said there has to be a level ground. He reminded the Council that they are accountable to the taxpayers. Chairman O’Keefe said there is a lot to consider, and Council will take it under advisement. He said he appreciates the residents who came out tonight to support this issue.

Town Manager Caron said this is the final public hearing in preparation of the first Deliberative Session held by the town on 2/6/12 at 7:00PM in the Londonderry High School Cafeteria. He informed the Council that he was in receipt of a new citizen’s petition for the Cable Department and the Warrant was amended with Article 11. He reminded the Council that they cannot change the petitioned warrant articles but the voters at the Deliberative Session can change Articles #10, 11 & 18. The Council can take additional public comment if they choose to but you are not required to take public comment on Article 2 which is the bond since the Council has already held a separate public hearing on the bond. All the other articles can be amended by Council to develop a final warrant which will be signed by the Council on 1/16/12. You cannot add a new purpose but you can change any appropriations up or down based upon what the Council believes is in the best interest of the community. Chairman O’Keefe proceeded to explain how the meeting was going to be held. The consensus was to vote on the bond hearings tonight.

Councilor Freda made a motion to open the Public Hearing, second Councilor Farrell. Council’s vote was 5-0-0.

Warrant Article #1- Election of Officers – no discussion.

Warrant Article #2 – Bond Issue for Highway Reconstruction. No discussion by Council. Todd Joncas, Budget Chair said they met on Monday evening. The Budget voted 7-0-0 in favor of the article. Lisa Whittemore said the committee appreciates the Council's decision to stop funding via bond issues. **Councilor Dolan made a motion to support, second Councilor Green. Council's vote was 5-0-0.** Councilor Green suggested we move Article 4 to the end of the meeting for discussion; consensus was agreement.

Warrant Article #3 - Expendable Maintenance Trust Fund - Council had no discussion. T. Joncas said the Budget Committee did not support this Article with a vote of 1-6-0. This year in this climate it did not make sense to support it. Mike Brown, 4 Carousel Ct. talked about reducing the tax rate. He asked the Town Manager if around \$34K was a one cent impact, he responded yes. He asked the Council if we could drop this article by 1 cent - \$35K. Councilor Farrell asked the Town Manager if he has already earmarked the funds. He responded they have available about \$95K. Historically the Town has appropriated \$200K to maintain all town facilities. If this article does not pass the Town will have \$95K to maintain all buildings and grounds for the next 18 months. The town has supported for a number of years the \$200K from the Undesignated Fund Balance (UFB). Councilor Farrell questioned what we would do if we did not have enough money; he said one option is to petition the Superior Court to hold a special meeting to raise additional funding. Councilor Green asked what is the balance of the town maintenance trust fund, the Town Manager replied \$95,127.41, unexpended we have \$372K of which \$242 is for the highway garage project and \$130K balance of non-committed. The Town has \$35K in repairs that are underway. Councilor Freda said in FY11 this item was 1 cent on the tax rate, the following year it was 2 cents. His concern is that we are shorting repairs that need to be done, rates are lower now, they won't be in the future, he said he is not in favor of it. Chairman O'Keefe asked what major projects are planned for the future. The Town Manager responded the Town has \$242K for the highway garage, HVAC repairs at South Fire, and 50% for security measures at Central Fire, of which half is paid for by a grant; and the final payment for the fuel management system located at Central Fire. Those three projects total about \$35K and it will be taken from the \$135K currently available. Cindy Eaton, 16 Clark Dr. agreed that we should not cut it because it will cost more money a few years later, she supports the article. Councilor Green asked why the tax impact kept going up, Councilor Dolan explained we are making up for prior use of fund balance for this purpose. **Councilor Farrell made a motion to support, second Councilor Freda. Council's vote 4-1-0 with Councilor Green opposing.**

Warrant Article #5 – Appropriate Funds to Capital Reserve Funds to Replace Ambulances, Highway Heavy Equipment, Fire Trucks and highway Trucks. T. Joncas said the Budget Committee supports this 7-0-0. Jay Hooley, 25 Yellowstone asked the Town Manager if this article was part of the recovery plan to catch up. Town Manager Caron responded yes. The plan was to raise \$400K in total from property taxes; this proposal is to raise \$255K from the tax base for a total appropriation of \$510K. The Town developed a 10 year projection and by FY20 the funds needed to pay for equipment will be short which will require the use of short term lease purchases on fire equipment. J. Hooley responded we are somewhat underfunded and the Town Manager responded that is correct. Councilor Dolan pointed out that this is a good example about stopping our bonding and putting money away to replace equipment with cash. Town Manager Caron stated that for FY13 they intend to replace 1 ambulance, replace a fire pumper, and

purchase highway equipment. **Councilor Dolan made a motion to accept, second Councilor Farrell. Council's vote was 5-0-0.**

Article 6 – Establish Capital Reserve Fund – Fire Department Equipment - T. Joncas of the Budget Committee said they voted to support this Article 7-0-0. Mike Brown, 5 Carousel Court said he supports the Article. He asked the Town Manager what the increase is from last year. Town Manager Caron responded he estimated that the Town tax rate will go from \$4.74 to \$5.80, which is about a 7% increase. Councilor Dolan asked the Town Manager to explain the difference between fire equipment in Article 5 and in Article 6. Town Manager Caron said Article 5 is for rolling stock, e.g. fire trucks, ladder trucks, etc. Article 6 deals with all the other equipment they need e.g. EMS equipment, fire hose, thermal imagers, digital audio equipment, tower equipment, etc. Councilor Dolan requested that the Town Manager list the types of equipment in each article so they can see what they are voting on. T. Joncas said the Budget Committee felt they have to endorse this. Brian Farmer, Chase Rd. asked the Town Manager if this is this part of the default; he responded it is not. All onetime expenses are excluded from the operating budget. B. Farmer said if this article fails are they funded under the default – Town Manager Caron responded no. Councilor Dolan explained the voters can vote it down, if it is voted in it can't be spent on other things. **Councilor Dolan made a motion to support, second Councilor Farrell. Council's vote was 5-0-0.**

Article # 7 – Fund Special Revenue Account – Town Manager Caron explained this Article is authorizing police officers to continue to work outside details which are completely funded by the companies requiring that service; there is no taxpayer impact. The money expected is \$564,244. In addition to paying officers' wages it also pays their associated benefits. There is also an additional fee for rent of the cruisers which is used to help maintain the fleet. T. Joncas stated the Budget Committee supported this Article 7-0-0. **Councilor Dolan made a motion to support, second Councilor Freda. Council's vote was 5-0-0.**

Article 8 – Fund Sewer Fund – Town Manager Caron said this is similar to Article #7, it is funded by users of the sewer system. T. Joncas said the Budget Committee supports this Article 7-0-0. **Councilor Dolan made a motion to support, second Councilor Farrell. Council's vote was 5-0-0**

Article 9 – Fire Department Personnel Costs and Staffing Levels – Town Manager Caron said the current goal is to staff 10 personnel per shift. This Article proposes to increase that target to 11 per shift. The additional overtime expense is based on the average replacement shifts for absences such as sick, vacation, injury, training. The Council supported this Article. T. Joncas said the Budget Committee had a significant amount of debate on this Article and voted 3-4 against the Article. Budget member Rich Dillon said it was a difficult decision as the issue is overtime. If we are going to add on personnel he said he does not want to back fill with overtime to fill the 10th position and then put on more people. If we were just putting on personnel and not including overtime he would be in favor of the Article. Lisa Whittemore said she suggested inviting heads of the police and fire to discuss the overtime policy with the Budget Committee at another time. She said she does support the Article. Brian Farmer, 106 Chase Rd. asked about budgeted hours and if there is a cost savings by paying overtime. Town Manager Caron responded it is more efficient to pay overtime, which provides more flexibility. With overtime the Town is not paying life insurance, dental, health insurance and the cost of outfitting another employee. Mike Brown, Carousel Court said he supports the Article. He explained Council tried

to support hiring the extra 4 by a grant but that didn't come through. M. Brown said this is not a onetime expense; we should discuss what the annual ongoing costs will be. If not tonight do it at the Deliberative Session. Paul DiMarco, 30 Holstein said he will support the Article; the community does need extra support. Pauline Caron, 369 Mammoth Rd said she had a problem with the way the Article is written. She asked if the overtime is ongoing, Town Manager Caron replied yes. The number will increase with wage increases and usage. P. Caron said the overtime should be separated from the additional firefighters. Councilor Dolan suggested staggering the hiring dates. Reduce the \$403,665 by \$163,550 which will bring the number down to \$240,115. Take the tax impact for FY13 from 12 cents down to 7 cents. We will still get the 4 new firefighters but it will take the tax rate down in FY13. They will all be fully funded in FY14. If Council passes that he asked the Budget Chair to see if his committee will vote differently. T. Joncas said they will entertain taking another vote. **Councilor Dolan made a motion to support Article 9 at \$240,115, second Councilor Farrell.** Chairman O'Keefe said the overtime being proposed by the Fire Department is a fixed cost which is to provide a minimum staffing level at all times. The Town Manager responded they try to maintain 10 public safety responders per shift; the Town staffs 4 different platoons using 40 responders. Any vacancies need to be back filled by overtime. Chairman O'Keefe asked what happens if we do not have the overtime built into the budget. The Town Manager responded coverage often times is reduced to 9 and occasionally 8. Chairman O'Keefe said we are trying to put the flexibility in so we can still maintain minimum levels. R. Dillon said there is an ongoing pattern of a large amount of overtime. Councilor Farrell asked Londonderry Police Department (LPD) Captain Gerry Dussault to address the overtime subject. Capt. Dussault said overtime allows them to be flexible and proceeded to itemize hours and man hours. Overtime covers unplanned sick, emergencies, presidential elections, etc. Councilor Farrell asked Capt. Dussault if we eliminated all overtime how many people would we need, he responded at least 8-10 personnel. **Council's vote on Article 9 as amended was 5-0-0.**

Article 10- Appropriation of Land Use Change Taxes to the Conservation Fund and the General Fund - Councilor Dolan said that since this is a Citizen's Petition we don't address it we should move to Article 12. T. Joncas said the Budget Committee supported this Article 6-1-0. **Councilor Farrell made a motion to support, second Councilor Green.** Jay Hooley, 25 Yellowstone Dr. asked the Council to support the Article. He explained that Article 3 has been underfunded a number of years, Article 5 has been underfunded and the purpose of that Article is to do catch-up, Article 9 was reduced which will free up some money. He explained that the \$1.1M will remain in the Conservation Fund, this Article addresses future funding. It proposes that the first \$100K will go to the Conservation Commission anything over that can be used for other areas where we need it. It will be a 60/40 split. L. Whittemore asked where the source for funding came for the purchase of Moose Hill and the historical properties on Pillsbury. Community Development Director Andre Garron said it came from a scenic and cultural byways grant. L. Whittemore cautioned we have only one opportunity to acquire open space and we should put some monies away for the future. Councilor Farrell asked the Town Manager if this Article passes and the money moves to the general fund can the Council buy open space with it; the Town Manager responded yes. This legislation does not impact the current fund balance in the Conservation Fund, which by law can only be expended upon direction of the Conservation Commission. We are talking about all new funds going forward would be allocated some to the Conservation and some to the general fund which would have to be appropriated by town meeting. He explained that the average annual receipts over the last 10 years has been about

\$188K; the median has been \$132K. Paul DiMarco, Mike Brown, and Brian Farmer, all supported it. **Council's vote was 5-0-0.**

Article 11 – Establish a Special Revenue Fund for Cable Department– Town Manager Caron explained the Petitioned Article if passed at the Deliberative Session would establish a special fund for the cable department; it can be amended at the deliberative session. Councilor Farrell stated currently there is no revenue fund, Town Manager Caron said that is correct. Councilor Farrell said the \$105K if we want to use it has to come out of the general operating fund. Councilor Green asked how this differed from Article 16. The Town Manager said the recommendation was to take a portion of the former Cable Special Revenue Fund (SRF) balance to establish a capital reserve fund for cable equipment. Town Manager Caron said if this passes there will be approximately \$388K in the cable special revenue fund every year, which is the historic level of money coming in every year from franchise fees and the equipment grant from Comcast. Councilor Freda said he has a concern about the description in the gray part of the warrant. Right now the franchise funds come into the general fund for FY13. If the fees are segregated as written in this Article and put into a special revenue fund the towns operating budget is going to remain having the expenditures on its side. This will cost the town a 9 cent tax impact. Shouldn't we warn the taxpayers it will cost that amount; it is necessary to point that out. Town Manager Caron said the expense for the cable division is in the operating budget. If this passes by law the Council has to establish the date that this revenue fund takes effect. Since the operating fund is paying for the cable expenses in FY13 he suggested that if this Article is passed by the citizens to make this Article effective 6/30/13; beginning with the FY14 budget the Town can craft an Article to fund the special revenue account for cable services and have the expenditure in the special revenue fund. Councilor Freda said passage of this now results in an 8-9 cent tax increase. Councilor Freda explained you are taking the revenue out of the general fund. Town Manager Caron explained Councilor Freda is correct if this special revenue fund was effective 7/1/12 but is dependent upon the effective date which the Council determines. Councilor Freda said the way it is written “no expenditures will be made except by a vote of a legislative body to appropriate a specific amount from said fund for a specific purpose related to the purpose of the fund or source of revenue.” He said no expenditures were proposed in the Article. The fund was not established. Councilor Freda explained to Cynthia Eaton the petitioner that she is taking the money as it comes in and setting it aside in a special revenue fund. You did not take any expenditure out of it. When \$388K comes in from Comcast it will sit in a bank account; none of that money is going to be used to pay cable expenses. We had to put it into the operating budget because the fund wasn't established. That means it is an 8-9 cent increase in your tax rate unless it is delayed for a year. You can't take any money out of the special revenue fund for FY13; it comes out of general fund. Since you took the revenue away it has to be made up somewhere and that is on the tax rate which added 8-9 cents. It is our duty to tell the taxpayers what the truth is. Cindy Eaton said she has become extremely friendly with the Department of Revenue Administration (DRA) and they approved this article. She understood that on 7/1/12 all the franchise fees are going into a special revenue fund. She stated that we still have a budgeted item for the cable department in the budget. Councilor Farrell clarified that a citizen questioned the process; in 1984 the Town Meeting took a vote to put some money in a fund for cable; what we discovered because a citizen questioned the process is that special revenue funds we were not allowed until 1989. All the money that was in the fund by law was transferred to the general fund; going forward we have to fix it and recommend putting \$200K in a reserve fund as requested in Article 16. Councilor Farrell clarified that for one year we have to acquire the money by raising taxes. Councilor Dolan said the money won't be available until

FY14, so in FY13 we have a hole because we can't touch it in FY13 the way the Article is written. C. Eaton said you have the money in the FY12 – FY13 budget. Mary Soares asked how much is left over from the cable fund for this year that has been moved over to the general fund for this fiscal year. The Town Manager responded the fund balance is about \$535K which is now in the general fund. M. Soares said Cindy is saying that we have \$535K that was put into the general fund and those are the funds you could be using for FY13. Councilor Freda said he is talking about what the effect is of this Article. It is legal but there are two parts to it. M. Soares said the \$535K is included in this budget and if this Article passes there would be \$388K that would not be available next year as part of that budget. C. Eaton is saying that already we had a process in place whereby the cable was self funded and that was through the cable fees. Through the past years Council has moved the money from one column to the other and that is how it has operated for years. Councilor Freda said the Article is legal but the way it is written in his opinion results in a tax increase unless something happens after the election. M. Soares asked the Town Manager if something can happen at the Deliberative Session and he responded it can. He said this Article is properly structured, which is why under RSA 31:95-d the Legislature authorized the Town Council to establish the effective date to address issues such as this one. If this is passed he suggests that the Council make the effective date 6/30/13 for putting the cable funds into a special revenue fund. M. Soares said what C. Eaton is trying to do is keep the cable self funded from this year on. Town Manager Caron stated that will be in FY14 but not FY13. M. Soares asked if they can ask for this money to be covered under the undesignated budget at the Deliberative Session for the coming year. Town Manager responded the only way you can do that is to have the town meeting use the UFB for the operating budget for FY13. Councilor Freda said it reduces the operating budget tax effect but it still doesn't change the 9 cents that goes down on the operating budget. Councilor Dolan said this is an accounting issue. Without this article the cable would have on 7/1/12 an operating budget and the town will be in receipt of cable revenues to offset those costs. The way the Article is written the town is still going to have on 7/1/12 the cable department expenses of \$288K but the offsetting revenues are now frozen that for next year cannot be used to offset those expenses the net impact is an increase to the tax rate. Budget member Dan Lekas asked what if the Council does not want to let the funds go until 2050 is that a possibility and the cable would have to shut down. Chairman O'Keefe said yes it would. Pasquale Vitale, 75 Mammoth Rd. said the voters voted for 9 years on a special revenue fund. Why did the town present a Warrant Article in 2002 which is the same article we have been voting on for the last 9 years? The Finance Director should have known whether or not there was a reserve fund. If this goes to court the court will support the voters. Councilor Farrell explained that Mr. Belinski brought it up and said it was illegal to take 1.5% or all of the 5%. The Town Manager was directed to seek Counsel's advice and he found out in 1984 the town voters allocated some revenues to cable; according to the State Legislature towns were not allowed to do that until 1989. Legal Counsel said the special revenue fund was illegal; we put all the money into the operating fund. In Article 16 we are trying to take some money out of UFB to establish a reserve fund for cable equipment. P. Vitale asked why in 2002 did the town submitted a warrant article for the sewer, cable and police detail as a special revenue fund. Why were they presented if they were a mistake for 9 years? At that point Councilor Farrell read the letter from Counsel giving the town the advice that there was never a special revenue fund and the Town may establish one going forward. Town Manager Caron said in 2002 the town made an error; which was discovered only recently. He explained that the monies had been classified since the 80's by auditors as a special revenue fund. Brian Farmer stated that they made their decision on the best available information at that time and the mistake is being rectified. He said there is an estimated \$535K in the fund, and asked what happened to it. Town Manager Caron

said it was reclassified in the UFB. B. Farmer advised following the Town Manager's suggestion with an effective date of 7/1/12; he said he will not support this Article due to the tax increase and if it passes there are no amendments to change that and it will be a gross negative consequence to the town. Paul DiMarco said the cable is a source of revenue to the town; the taxpayers cannot afford to take \$388K away from the town for a year. It should be funded out of the general fund as part of the budget. Councilor Green asked the Town Manager if you needed permission to use a special revenue or a trust fund and the undesignated fund from the legislative body. Town Manager Caron responded that the Council does not have the authority to spend undesignated fund balance (UFB) until town meeting so authorizes. Debra Sullivan, 9 St. Charles St., Londonderry said she had no problem paying increased taxes to keep the Cable Studio. Councilor Farrell said we have \$265K right now in the budget to fund cable. Councilor Dolan re-stated that Council can't amend the citizens' petition as presented; the Deliberative Session can make amendments. Councilor Dolan explained if we delay implementation until 7/1/13 which is the beginning of the FY14 fiscal year then we would have access to those revenues to offset the costs to run the cable studio. The language of the Article can't be changed. He said that Councilor Freda's argument that the way it is currently written does not reflect the full impact to the voters. Cable Director Dottie Grover said if this Article becomes effective on 7/1/12 of this fiscal year it will be collecting revenues over the course of this year. When you vote next year on the 2014 budget you would know what your revenues were and that would be where you would get your money out of that fund because it can be drawn out on 7/1/14. We already got \$535K, in the fund isn't that the money you would use so we don't have a blank year? Chairman O'Keefe asked the Town Manager if it could be used. He responded the \$535K is in the fund balance only Town Meeting can appropriate that for a use. Cherylanne Victor, 289 Winding Pond Rd. asked if the fund is established will more money be available for cable than is really needed and that the excess can't be used for anything else – Chairman O'Keefe responded that is correct. She said she had a problem with that. Cindy Eaton, 16 Clark Rd. said the \$535K can be used for the operation of the cable department. She said she would like to ask for a legal opinion from Counsel. Town Manager Caron clarified it is available if the people vote at the Deliberative Session and again in March. C. Eaton asked if they voted on the budget would that do because you have that line item for \$265K. Town Manager Caron responded that is an appropriation. The voters can vote to use some of that money against the operating budget to fund cable which would reduce the amount to be raised by taxes which is an option the voters have. If they vote at the Deliberative Session to do that it will go on the ballot. The other avenue to address it is to delay the implementation of the special revenue fund and just use next year's franchise fees as an offset to the operating budget where you are paying for the cable division. C. Eaton said she would like to have a legal opinion because DRA has deemed that this is a zero tax impact. Town Manager Caron asked her to send the e-mail from DRA to him tomorrow, which she agreed to do. **Councilor Farrell made a motion to support, second Councilor Dolan. Council's vote was 0-5-0, the motion fails.** L. Whittemore said this is a new petitioned article and the Budget Committee will review it tonight.

Article 12 – Ratify Collective Bargaining Agreement Between AFSCME Local 1801 and The Town of Londonderry. Town Manager Caron said this is an agreement with Public Works and town office staff. There is no increase in salary for FY13, 2% in FY 14% & FY15. The cost in FY13 is \$6,764.00 which is a continuation of the step increases for 6 employees, the balance of employees will not receive any step increases. Councilor Farrell said this continues the trend started last year to work with our employees in these fiscal times. The employees worked with staff on this agreement. T. Joncas said the Budget did not vote on it yet because they had some

questions. Town Manager Caron explained the tax impact is 2/10ths of 1 cent on the tax rate. The theme in all 3 contracts is that the employees have agreed to defer a portion of any payment of sick/vacation payments upon separation, which is critical because state legislature enacted a law which requires employers to pay the actuarial value of excess retirement benefits. The Town is typically looking at an assessment of anywhere between \$10K-\$25K for an employee. The current agreement is that the town will pay out the sick/vacation payment per the contract up until the point which will trigger the supplemental assessment. That amount due to the employee will be deferred for 121 days which by state law cannot be included in that employee calculation. Budget member John Curran, said the county is in an annual cycle, the negotiator for them said it is not a good deal to go out 2-3 years and they got rid of steps and went to phases. He said he opposes a 3 year contract in this environment. He said that he was told by the SAU last night that there is no evergreen clause anymore applicable in that context and he said he understands there is none for state employees. He asked if it is applicable in these contracts and what are we saving in the 125 rule, what the dollar amount is. Town Manager Caron asked him what his understanding of the evergreen clause. J. Curran responded they still get cost of living advances (COLA) and the contract continues. Town Manager Caron said before the legislature repealed evergreen the statute specifically excluded COLA for future years in expired contracts. This does carry forward all the terms and conditions except for COLA and step increases. Councilor Farrell said the philosophy around these particular contracts is to look at what the overall cost is to the employee. The employee is looking forward to a 7 1/2% increase in medical next year. We tried to just keep them even. Last year there was an 18% increase in medical. We are trying to staff flat and both contracts understood that L. Whittemore pointed out that this group represents 19 full time and 2 part time employees. Paul DiMarco, Holstein said they are a very cooperative group and he supports this article. Mike Brown said most people can relate to no COLA but not a significant amount of sick time being bankrolled. He said he supports the contract as presented. Councilor Dolan brought up the issue of overtime in the public safety area – it will cost them more if the employee uses sick time because they will have to pay someone overtime to replace them on their shift. In response to a question from Glenn Douglas, Town Manager Caron said the voters can amend cost items in a proposed collective bargaining agreement; if they do that then the agreement is considered to be rejected. Counsel is looking at if both parties re-negotiated within those financial parameters are the parties considered to have an agreement and can they move forward without town approval. G. Douglas said the SAU is going to have the Moderator come in and explain the rules – on their side there is no quorum. On the town side we are going from a Town Meeting to a Deliberative Session, can we have the Town Moderator come in and explain the process. Town Manager Caron said D. Grover has made her staff available to produce a program that will be aired before the Deliberative Session. Chairman O’Keefe asked the Town Manager if we can request that the Town Moderator come in and explain the process and he replied yes. Councilor Farrell stressed that these negotiations are based on trust between the negotiators, the town and the collective bargaining unit. If people come into the Deliberative Session and try to change it when you believe you have a good contract that trust is now broken and we have to start all over. Brian Farmer, 106 Chase Rd. asked if the voter has the authority to amend these articles, the Town Manager responded they can. B. Farmer stated that if there are enough voters at the Deliberative Session who feel they want to amend this Article it is within their right to do that. **Councilor Dolan made a motion to support this Article, second Councilor Farrell. Council’s vote was 5-0-0.**

Article 13 – Ratify Collective Bargaining Agreement Between AFSCME LAEA-Public Safety and The Town of Londonderry – Town Manager Caron explained the average pay rate is the

same as negotiated for 1801. It has the same language for supplemental retirement. Sick payout has been cut in half to 30 days. There is an opportunity to cash in some sick leave at the rate of 1 day per 3 and cash in 6 days per year. The maximum accrual rate will drop from 90 to 85. There are 2 costs provisions: merit increase levels have been dropped; they are almost at half of what they were 2 yrs ago. By halving the maximum amount of sick leave we are saving about \$10K on average for each employee planning retirement. This contract is subject to supplemental assessment. It represents 15 full time management and mid level management and professional positions in the Fire and Police Departments. He explained LAEA is now 2 separate groups. Councilor Dolan said these contracts are the most favorable toward the taxpayers in the 11 years that he has seen them. T. Joncas said the Budget Committee will vote on this after this meeting. M. Brown asked if there were any costs associated with the change of title from Captain to Battalion Chief – the Town Manager responded no, they consider the title interchangeable. M. Brown asked the Town Manager to walk through the real compensation, merit increase for this unit. There is a “0” COLA but there is the ability in this unit to get a merit increase in that same year where there is no COLA. Town Manager Caron said if you are on a step system and you have an expired contract you do not continue the steps. If you are on a merit system with merit award you continue those. We will have that cost whether the contract is approved or not. The merit levels are at 3%, 2.5%, 1.5% and zero and zero. The contract which is in effect from 6/30/10 the levels were at 5%, 4% and 3%. For employees who are in the band between the minimum and the maximum if they are eligible and earn a merit award then they will see that in their base pay. If they are at maximum they will receive it as a lump sum check not in base. M. Brown said there is an increase in pay for some members in this unit if they are within the band in the form of salaries. There is a cost associated with this contract. Budget member Chris Melcher said that question was not asked of the first contract – he clarified that they are not getting their steps. **Councilor Dolan made a motion to accept, second Councilor Farrell. Council’s vote was 5-0-0.**

At this point in the meeting Councilor Dolan said the Council was invited this evening to attend a ceremony at the reserve center for returning military units. He asked the public to keep them in their thoughts and prayers.

Article 14 – Ratify Collective Bargaining Agreement Between AFSCME LAEA-Town Administrative Personnel and the Town of Londonderry – Town Manager Caron said it is the exact same contract as Article 13 except this group did not request an increase in their life insurance. The additional exit compensation resulting from the higher sick leave payout could be up to \$8,600 per employee. We have 11 full time and 1 part time in this contract. Most people are at max so they will be eligible for a lump sum. Budget member R. Dillon asked if there is a cap on merit increases. Town Manager Caron responded right now it is individually and the max is not at 3% it is at 3.5% in the existing contract. C. Melcher said if this is not passed there is a possible \$13K impact. Town Manager Caron said there is a \$4,300 cost potentially for merit awards and for any employee who retires they would get approximately \$10K more than they would under the new contract. C. Melcher said it is cheaper to pass this year. **Councilor Dolan made a motion to accept, second Councilor Green. Council’s vote was 5-0-0.**

Article 15 – Authorization for Special Meeting on Cost Items – **Councilor Farrell made a motion to support, second Councilor Dolan. Council’s vote was 5-0-0.** T. Joncas said the Budget Committee supports it 7-0-0.

Article 16 – Establish a Capital Reserve Fund for Cable Division Equipment – **Councilor Farrell made a motion to support this Article, second Councilor Green.** Councilor Dolan said he wants the public to understand the implications of Article 11 & 16 and the accounting issues. Town Manager Caron said it depends if Article 11 is amended. It will cost the town money if a motion is approved to use the entire old fund balance of \$535K and then the special revenue fund did pass and the Council makes it effective 7/1/13. If Article 16 passes then the \$200K would be out of the fund balance which is not part of the old cable fund balance. If all those came together it would end up costing \$200K more out of the fund balance. Councilor Dolan said we can't kill an article at the Deliberative Session but we can amend it to a zero cost level. Town Manager Caron said the option you have now is that since this is not a petitioned warrant article the Council can vote not to put this on the warrant. The other option is to amend it to something else tonight. The third option is to have the voters amend it. They can amend the dollar amount or make it a contingent warrant article which says if Article 11 passes Article 16 is null and void. Chairman O'Keefe said if the Council shows that they do not support the petitioned warrant article this will show the voters that we supported this one 5-0-0. Councilor Dolan asked State Rep. Betsy McKenney if there are any new rules the legislature put in place about what the restrictions are about amending articles at a Deliberative Session. B. McKenney said she has not heard anything but it has always been that you can amend an article to zero. Councilor Dolan asked if we could use language like "to see if the voters will" and eliminate all the language. B. McKenney said that was ruled out of order, you have to leave the sense of the article in. Councilor Dolan suggested waiting to see how the Deliberative Session treats Article 11 before we decide what to do with this. T. Joncas said the Budget Committee was 2-5 against it they would like to reconsider it at their meeting. L. Whittemore clarified that the \$535K taken from the cable reserve fund was going into the UFB. This article would take \$200K out of it and it would be no cost to the taxpayers – Town Manager responded yes. Pauline Caron, 369 Mammoth Rd asked if we have to amend it tonight. Councilor Dolan said it can be amended tonight because it is not a petitioned warrant article. P. Caron said we should make it contingent if the other one passes this one doesn't. Councilor Green suggesting making it \$535K and strike out future equipment replacement at the Cable Access Center. It might encourage people not to deal with that Article at all. Councilor Dolan suggested relocating and re-numbering this so it is adjacent to Article 11 so people can see the two of them. P. Caron asked if they were going to make it contingent, Chairman O'Keefe said it is self-explanatory – one will show the Council not supporting it and one will show the Council supporting the Article. Councilor Dolan asked the Town Manager how a contingency clause would work. Town Manager Caron was in the process of researching that. C. Melcher said he felt that most of the Councilors wanted to manage the Cable out of the General Budget. He said he voted for this because he felt that we should budget that money in the General Fund for this equipment and not set up a different fund. Councilor Dolan explained that this fund is not to run the Cable Dept. it is a reserved account to buy capital equipment. C. Melcher asked why not appropriate the money for each year to buy the equipment they need. Councilor Dolan responded it is for the same reason we have capital reserve funds for other kinds of equipment to make sure it is used for its purpose. Town Manager Caron said you would simply put a notation on both Articles 11 and 12 if approved at the Deliberative Session saying if Article 11 passes then Article 12 which is now 16 will be null and void. **Councilor Farrell amended his motion to support this Article to include the contingency language; Councilor Dolan amended his second to coincide with the contingency language. Council's vote was 5-0-0.**

Councilor Dolan suggested that the Budget Committee reconsider their vote on this Article due to the change of language.

Article 17 – Establish Roadway Maintenance Trust Fund – **Councilor Farrell made a motion to support, second Councilor Freda.** Town Manager Caron explained this Article begins the transition from bond to a maintenance trust fund. This Article will raise \$250K using the fund balance for the entire amount and Town Council is designated as the agent to expend. T. Joncas said the Budget Committee voted to support 7-0-0. **Councils vote was 5-0-0.**

Article 18 – Re-Districting Commission – Chairman O’Keefe said there is no position on this Article by either the Council or the Budget Committee.

Article 19 – Transaction of Other Business - non action item.

Article 4 - Fiscal Year 2013 Town Operating Budget – Councilor Farrell had previously asked the Town Manager for health expenses, wages and salaries going back to 2007. In FY07 we had a 15% increase in health care, it was \$1.905M. Today health care is a 7.5% increase and over those 5 years we are over \$2M dollars in total health care expenses. In FY07 we had \$9.2M in salaries. We have had an 11% increase over that period of time until today for an average of 1.5% increase per year. In 2007 we paid \$365K to part-time employees, today we pay \$697K. The changes are due to part-time statuses that have stabilized our health care expenses with the employee’s contribution going from 15% to 20% and the part-time employees are not taking benefits. Overall while the budget is increasing slightly we’ve been keeping a good stable monitor on employee expenses over the last 7 years. T. Joncas said the Budget Committee does not support the operating budget 0-7-0. The reasons are due to the fact that if they were using the default there would be no layoffs, it would carry us over the hump for one year which is why they went with the default. Councilor Farrell stated that we will continue short funding gas, and overtime, we will have the same staffing in police, fire and PW as the same level in 1989. We have less employees in Town Hall, we are underfunding accounts. He asked the Budget Committee members if they had any recommendations of where we can get the money – T. Joncas replied no. Councilor Farrell asked if their recommendation would be to reduce services since we are running out of places to take money from. T. Joncas replied that is not their recommendation. They made the decision with the assumption that with the default budget there would be no lay-offs in personnel, if that assumption is wrong he will change his vote. T. Joncas said in their minds it was a bottom line number, they don’t want any lay-offs in staff it has to come from somewhere else. C. Melcher said the discussion they had was it is so close to default we might as well have default. He said we should present two budgets the default and the proposed operating budget, let the voters decide which budget they want. Councilor Farrell said we are about \$180K over the default and repeated that we underfund overtime; we know we are going to go over it and either the Town Manager has to find the money or we don’t staff the position so it cuts a service. We underfund gas so we will have to drive less miles which will reduce services. Brian Farmer, Chase Rd. asked if the assumption that the default budget will not have any lay-offs is correct – Town Manager Caron said yes that is correct. Councilor Green said he has 31 items that equal \$187K; he feels comfortable he can get it under default and not have layoffs. Councilor Farrell suggested going through the 3 major departments as well as the library and get input from the citizens and department heads and see what they have to say. Councilor Farrell asked the Chiefs of the Police, Fire and the Public Works Director if there is any place they can make more cuts. They all responded no. Councilor Farrell asked all three if

they are currently underfunded and they all answered yes. Public Works Director J. Czyzowski said they are underfunded for gas and overtime for snowplowing. He pointed out to Councilor Green that if he is looking under actual expenditures you are overlooking that some items were frozen to cover over runs on different lines. The money was expended somewhere else so it doesn't exist. Councilor Freda asked the Budget Committee that since it is a bottom line budget and they don't care where the cuts come from as long as there is a cut is the Budget Committee okay with taking \$100K out of the library. He said we have been told by the Library if we take that money out of their budget two people will be laid-off and the Library will shut down a day. Library Trustee William Bringham clarified they will reduce hours it will not be shut down a whole day. Councilor Farrell said we made a commitment to fund public safety and public works. He again suggested cutting \$100K from the Library. Budget member C. Melcher said he didn't think the voters were going to go for anything other than default. Councilor Dolan said we are \$22K above default which is the Council budget and for all practical purposes it is close to default. Budget Committee member Tom Dalton asked what happens if the Budget Committee approves the Council budget and the voters say no. Councilor Farrell responded we end up with the default and if that happens it is up to the Town Manager to find the \$22K. T. Joncas said we are so close to the default he felt comfortable to go for the default. Councilor Dolan said if we accept Councilor Freda's proposal and we are within \$22K to default we have another account that is not in the operating budget called the tax overlay account which is funded at \$200K to pay for tax abatements. If we reduced that account by \$55K and use \$50K to reduce the tax rate to below default. Take the \$5K and add it back into the operating budget for the Town Clerk's budget to get a third voting machine to use at election time. Councilor Green suggested taking \$17K out of the IT budget he said there are some more things to look at. Town Manager Caron said he has not had the benefit of looking at Councilor Green's suggestions yet but he is saying he looked at items that were under-expended but not those that were over-expended. Town Manager Caron explained we expend money where we need to, reflect proper budgeting and directed his department heads to not spend 1.25% of their budgets which is about \$300K because we knew the revenues were going to underperform. Budget member Rich Dillon asked about reducing holiday salaries – what was spent was under budgeted. Assist. Town Manager/Finance Director Sue Hickey said the union contract calls for holiday pay for public safety employees. The actual line item that gets charged is the regular salary line item. They get paid regardless of whether they work or not. **Councilor Farrell made a motion to reduce the budget to \$26,763,999, second Councilor Dolan with discussion.** Councilor Dolan said he would like to amend that motion to bring the budget back up by \$5K for a voting machine. **Councilor Farrell made a motion to amend the budget to \$26,768,999 for discussion; Councilor Dolan seconded the amended motion for discussion. Councilor Green made a motion to amend the budget to \$26,641,721 which will be \$100K under default, second Councilor Freda to discuss.** Councilor Green said we should present a number that we can deal with, anything above default won't go. We should present something lower than default. Councilor Farrell asked the Town Manager how many people would be laid off and they calculated 2 from the library and 2 from the town will be laid off. Councilor Farrell said according to what the Town Manager has told us there is nowhere else he can find money if we go for the below default budget. Councilor Freda estimated that if all articles pass and the default budget passes on a \$300K home it would be a \$45.00 tax increase for the year. Chairman O'Keefe said he thought about cutting the LFD small capital reserve in Article #6 by \$50K and use \$50K out of the UFB. Town Manager Caron said right now the small equipment capital reserve is \$150K with \$100K UFB with a \$50K tax impact. Chairman O'Keefe said right now that is what he is proposing. Town Manager Caron said what he is suggesting is instead of

raising \$150K, raise \$100K and keep the \$100K UFB. Councilor Freda recalculated his figures and said we have a \$5.06 increase from the prior year and on \$300K home if all articles passed we will have a \$69.00 increase in taxes. Councilor Farrell said we are currently underfunding overtime by \$375K per year. If the budget goes down, \$300K has to be found which ends up with more lay-offs; we are looking at another 4.5 bodies. Councilor Dolan asked how do you ask the voters to hire 4 firefighters and cut 4.5 people. Budget member John Curran brought up the special management account which covers various things. He said he went through them to see if we can squeeze money out of that and he came up with \$740K, \$370K is sewer. He suggested taking perhaps \$100K out of that account as a starting point. Councilor Dolan said the default budget has to be on the ballot per law, the other number is going to be up to the Deliberative Session. That number is what we are suggesting the Deliberative Session start with. Councilor Farrell said Councilor Dolan's suggestion is not a bad start. The Council addressed Councilor Green's amendment of \$26,641,721. **Council's vote 1-4-0, Councilor Green's motion fails.** The budget of \$26,768,999 which is \$27K over default is up for discussion. Chairman O'Keefe recommended the Council approve the budget and get the support of the Budget Committee and go with a default budget and hope at the Deliberative Session it does not get cut. It was decided to bring the default budget to the Deliberative Session. **Councilor Farrell made a motion to amend his motion for the budget to \$26,741,721 which is the default budget, second Councilor Freda.** Cherylanne Victor, 289 Winding Pond Rd. said she disagrees that the library is expendable she said she it is very important to a lot of people. Councilor Green responded we do not control the budget and hours, the Trustees do. We are looking at needs and wants. Councilor Farrell brought up the raises that the Library has received and compared them to the town employees which are lower. The collective bargaining unit at the library is a 5 year contract. The average low increase is 3%/year – the high increase is 8.7%/year. The low end of the last 3-4 years is almost a 10% increase in wages and 24% in wages. He said the library budget is \$1.264M, almost \$1.1M is wages. Budget member Dan Lekas said his personal opinion is that after comparing our library with other local towns that have smaller budgets and are open more hours that we have a higher budget. Budget Chair T. Joncas said that he analyzed surrounding communities and found that Londonderry has a higher budget and less hours. Brian Farmer said that T. Joncas was missing a few things in his analysis. Some services are being provided for by the budget of the town. He cautioned the Council to re-think everything, they are at the breaking level if they go with the budget. Cable Director Dottie Grover said you are looking at a default budget and she understands why they want to keep the taxes down. We are a community and the more culture you have the more civil a society you have. She questioned how something that is brand new ends up in the default budget because the default is made up of the prior year's items. The Cable was never part of the default budget; \$265K was never part of the default. The money out of that budget and funded directly through revenues could get you way below default for this year and you would not need to take the \$100K out of the library. With the default budget there would be 1 lay-off in the cable department. She pointed out that the Library and Cable were vital to the town. Sally Nelson, 121 Windwood Drive said she has worked at the library since 1992 and talked about the services provided for the young adult programs. She cited statistics in overall circulations and services and asked the Council to reconsider cutting the \$100K. Kathy Mague, 9 Old Coach Rd. said she came in 1999 as a Reference Librarian and described her job and provided reference statistics. She asked the Council not to make any cuts. Pauline Caron, 369 Mammoth Rd. said when they reduced Article 9 by \$163,550 they reached the default budget. Councilor Farrell said that Article is not part of the default budget until next year. Until the voters approve it it is not part of the budget. She asked the Council to not cut the library budget. Library Trustee Bill Bringhurst

brought up the point that they had 4K kids participating in library programs. Councilor Dolan urged the Chairman to take a vote. B. Farmer said he asked the LPD Chief if communities that have strong cultural resources have higher or lower crime rates; he responded lower crime rates. He said if we offer less cultural resources we will see increased budgetary demands for those other services. Councilor Farrell pointed out that the Council worked its way down from what it actually costs to run the town. It is the opinion of the 13 people who have been here for the last two months that the voters of this town cannot sustain a large increase in taxes that is where we are, not because we don't believe in the services of this town. **Council's vote on \$26,741,721 default was 5-0-0.**

T. Joncas said the Budget Committee was planning on meeting after this meeting; given the hour they will re-convene on Monday at 6:00PM in the Moose Hill Council Chamber.

ADJOURNMENT

Councilor Farrell made a motion to adjourn at 12:48 AM, second Councilor Green. Council's vote was 5-0-0.

Notes and Tapes by: Margo Lapietro Date: 01/12/12

Minutes Typed by: Margo Lapietro Date: 01/19/12

Approved by: Town Council Date: 03/05/12