

TOWN OF DERRY

**Town Council
Derry Municipal Center**

**April 21, 2015
Tuesday - 7:30 PM**

6:30 PM Non-Public RSA 91A:3 II (a)

7:30 PM Call to order

Pledge of Allegiance, warning of fire exits, handicap access, & turn off all cell phones

Roll Call: Councilors Tripp, Fischer, Osborne, Bourdon, Dimmock, Katsakiores and Chairman Cardon

Consent Agenda -

- 15-42** Approve Non-Public Minutes – Session I - April 7, 2015
minutes sealed
- 15-43** Approve Non-Public Minutes – Session II – April 7, 2015
minutes sealed
- 15-44** Approve Non-Public Minutes – Session III – April 7, 2015
minutes sealed
- 15-45** Approve Non-Public Minutes – Session IV – April 7, 2015
- 15-46** Approve Minutes – April 7, 2015

Chairman's Report – Tom Cardon

Mr. Cardon thanked the EEAC and other organizations for volunteering in the town wide cleanup. This Saturday, April 25th, the Go Green Committee will be continuing the cleanup.

Go Green Committee & EEAC is sponsoring Living Cooler and Smarter, practical steps for low-carbon living, on Wednesday, April 29th 6PM, at the Derry Public Library.

May 5th is will be the Public Hearing on the FY 2016 Proposed Budget and on May 19th the Council have final discussions and vote on budget.

At the last meeting a question was asked regarding taxes at the Fairways. Mr. Cardon stated that they are taxed as commercial property and the assessed value is \$58,593,172. They pay \$1.7M in taxes.

Town Administrator's Report – Galen Stearns

***** POW / MIA Memorial

Mr. Stearns gave an update on the POW/MIA Memorial. They have the chair and is working with the Heritage Commission and VFW. They are still waiting on the table and place settings.

Public Forum -

Open Public Forum

Chairman Cardon stated the forum will go until 8:05PM. He asked that if anyone who hadn't a chance to speak at the last meetings to please come forward first.

Steve Trefethen – is looking for a true property tax reduction. He gave the Town of Hudson as an example of a way to consolidate planning and code for economic development.

Rick Desisto, Aiken St – the densest part of town is getting denser and there is no fire station within 3 miles. He also spoke about unions and funding.

Paul ?, Property Manager (has live in Derry 10 years) – spoke regarding the proposed fire hydrant fee. He disagrees and said that it is unfair to switch the burden to the users. He gave some suggestions on energy relief for the Town.

Marc Flattes, Linlew Dr – said the Town should take over the school budget and become a city. With Economic Development, we don't need to hire anyone, George Sioras can take leadership with the Planning Board.

Jay Madnick, Windham Depot Rd – gave a history of school budgets over past 50 years. The Town needs to be creative and reasonable about budget cuts.

Cynthia Cleary, Quaker Dr – she represents the Sunshine Soup Kitchen. She gave an overview of families served in Derry, and the volunteer work done by schools, churches, etc. The Soup Kitchen requests \$1500.00 from the Town and this demonstrates clear support.

Gordon Graham, Drake Lane and a 50 year resident and has 2 things to bring to the Council; the first being he had the pleasure of attending the annual Boys & Girls Club auction on Saturday, April 18. This is a fund raising event and draws people together for a worthy cause and the support the community gives to those most in need. Secondly, he spoke about the silent majority in this community and wants to make certain the services provided as a community continue and are provided frugally. Overall he is concerned about the budget process and how much information is being conveyed. Mr. Graham is also concerned and pleaded with Council does not to use money from the fund balance.

Julie Toronto, Lesley Circle – the system isn't broken. This is a top notch community with police and fire. She asked what is cutting the budget going to create or cost? Please don't do this.

Steve Barry, Kendall Pond Rd – Derry is a robust and effect community despite the fact that the downtown area isn't. Regarding the hydrants, that is just downshifting responsibility just like legislature does down to the towns.

Mike Hughes, Gervaise Dr – is disappointed that the online petition submitted to the Council was not on the agenda for discussion. He gave examples of recent activities involving the police regarding break-ins and how many officers were needed.

Brian Chirichiello, Rollins St – Spoke against using fund balance to offset taxes. He asked how is the Town going to pay for \$3.1M obligation for Exit 4A? If gambling is approved by the Legislature, Derry stands to gain \$1.5M per year as an abutting town.

Close Public Forum

New Business –

- 15-47** Approve funding from US Dept. of Justice, Bureau of Justice Assistance, for personal body armor under the Bulletproof Vest Partnership Program

Chief Garone, the department has participated in this program for a good number of years. The funding will pay for up to 50% of the purchase for the vests in the amount of \$2,925. The plan is to purchase six.

**Move to grant authority to Town Administrator Galen Stearns, to apply for, accept and expend without further Town Council action, on behalf of the Town, grant funds associated with the United States Department of Justice Assistance, FY15 Bulletproof Vest Partnership Program in the amount of \$2,925.
Motion by Councilor Cardon, seconded Councilor Katsakiores
Vote: 7-0-0**

Old Business –

15-36 FY2016 Budget

Galen Stearns gave a PowerPoint presentation showing statistics and data comparisons to Concord, Dover, Rochester, Salem, Merrimack, Hudson, Londonderry, Keene, and Portsmouth. The areas covered were by population, 2013 equalized tax rates, valuation, appropriation per capita, full time employees per 1000 citizens, Public Works expenditures, law enforcement cost and Fire/EMS cost per capita.

The budget Mr. Stearns presented results in a \$1.00 cut to the tax rate obtained by reductions in Police & DPW overtime, Public Health insurance buyout, use of Undesignated Fund Balance, reduction in hours for Finance Internal Auditor, assessing contracts for utilities, delay in hiring an Assessor, eliminating four vacant firefighter positions. There was the addition of an Economic Development Director. Transferring costs of fire hydrants to water users was included; however, it was apparent during the public hearing on this issue that the Council was unanimous not to include this transfer. Some of the use of Undesignated Fund Balance could be replaced by the fall tax deeded sales as \$1M has been put back on the tax rolls after the last sales.

**** Questions by Town Council to Town Administrator Stearns**

Councilor Tripp – asked questions regarding the effects of budget changes on police and fire overtime.

Mr. Stearns – explained that the overtime is used to fill absences in a shift due to illness, vacations, incidents warranting extra personnel (call-in) or holding a shift over. If requested, Mr. Stearns could have an independent study done to find the proper number of staff required.

Councilor Fischer – asked what process was used with the staff to develop this budget and were there communication or guidelines? He asked Mr. Stearns if he sought an opportunity to meet with the staff and share information as he was developing the proposed cuts or consult with anyone outside of the Town on suggestions for how to go forward with this budget?

Mr. Stearns - explained the internal process and that "Senior Staff" was met with to go over proposals and this budget was a consorted effort. There were a number of proposals and programs that were discussed long term that will help reduce the burden and costs for the town. He did hold 2 "Question & Answer" sessions with employees and did not consult with anyone outside the town.

Councilor Osborne – questioned if the goal was ever suggested to level fund. He asked Mr. Stearns what the "Cadillac Tax" was and how would it effect the Town? Councilor Osborne also asked if the budget contained "step raises" or increases for senior

management and roughly what is that amount? He asked for the total amount of overtime in the FY16 budget.

Councilor Fischer – asked if step raises are fixed contractually and are there any other raises? He would also like the data on “step raises” and any other salary increases not contractual.

Councilor Osborne commented that this budget doesn't seem to contain any consolidation of duplication within the Town departments, such as dispatch or vehicle maintenance garages. Regarding the Economic Development Coordinator, it was his understanding that this was not going to be included in the budget “what changed?” He wanted clarification on Fire Department staffing and income on contracted services with the Towns of Auburn & Chester.

Mr. Stearns – “Senior Staff” advocated for their departments. They looked at the best interests of the Town. There are built in “step raises” for personnel that are not at their top salary range which progress annually until they reach their maximum range. There are no raises for “Senior Staff”. There is a raise in the budget for himself per his contract. He will prepare the information on the amount of raises in this budget. Ms. Hickey will supply the total overtime cost.

Mr. Budreau – responded that the “Cadillac tax” is intended to begin in 2018. The current calculation would be a couple of hundred thousand dollars. In order to lower the cost of insurance plans, we need to resume negotiating with unions which we were working towards this.

Mr. Stearns - in regards to the consolidation process of dispatch, it is not simple; he has reached out to other communities for information and this is not a one year process. He is looking into the maintenance services and discussions have begun. There are a number of issues that need to be looked over and he has met with some resistance but there is rational.

In reference to the Economic Development Coordinator, Mr. Stearns has attended meetings with other town managers and asked what we need to do to move this area forward. Prior attempts have been made to move forward but someone needs to sell the Town. We need someone versed in pulling it all together, a better showing on the website, someone to spearhead it, with community and council involvement. Fire Department reduction of staffing level from 16 to 15 per shift takes the tanker out of service. The income from contracted services to Auburn & Chester is \$115,000.

Chief Gagnon - gave stats on the percentage of call due to the contracts and the percentage of revenues. He is confident that these contracts pay for themselves. Councilor Osborne – wanted to clarify if funding for programs with respect for the Upper Room, and the like has not been cut from this budget including the Taylor Library.

Mr. Stearns replied not in this budget.

Councilor Katsakiores – had questions with the fire hydrants staying in the Fire Departments budget and how does this affect the budget, will there be more cuts?

Mr. Stearns replied that with this taken out the tax rate is at \$8.88 which is a \$.84 reduction. The staff is acceptable with these cuts.

Councilor Dimmock – wanted to point out that as this budget stands he doesn't agree with it. We need to make cuts. He hasn't heard of any cuts. He feels Mr. Stearns has listened to the staff but has not represented what Council wants.

Councilor Bourdon – passed

Councilor Cardon – in regards to “Step Raises” for employees with no contract, it is his understanding that if no contract is in place there are no raises.

Mr. Stearns - no that is not correct but we are not legally obligated.

Councilor Fischer – stated that Mr. Stearns has brought forth a number of proposals and was asked if he could highlight cuts he has made and what he has put back in his proposed budget.

Mr. Stearns – reviewed the slide with the budget changes (*see attached*)

Ms. Hickey gave the overtime included in the FY16 budget as \$1.8M. Councilor Osborne asked if this number was higher or lower. Ms. Hickey replied slightly higher. Councilor Osborne then asked in what departments. Ms. Hickey would have to look at the breakdown and will provide this information later.

Councilor Osborne – asked if the fund balance was not used, what effect this would have on the tax rate. Ms. Hickey stated \$.33 this would drop and the reduction in the tax rate would be to \$.61.

****Questions by Town Council to Department Heads on proposed budget**

Finance: Ms. Hickey, CFO & Janice Mobsby, Controller

Councilor Cardon – questioned the Fund Balances and their assignments.

Ms. Mobsby – Committed Fund Balance is capital reserves or funds set aside for compensated absence. It is used to fund capital improvements.

Assigned Fund Balance is funding a liability of compensated absences, earn time liability. Unassigned Fund Balance as of 6/30/2014 is \$11,175,000, the proposed of \$1.7M leaves approximately \$9.4M

Councilor Cardon asked how the \$9.4M will affect the bond rating in the future.

Ms. Hickey stated it won't hurt for the next year but it will need to be looked at long term goals and how we fund capital projects. Revenue will come in unanticipated.

Councilor Fischer- concerned over fund balance and asked for clarification on anticipated funds in regards to page 2 of the Town Administrator's report in the FY16 proposed budget.

Mr. Stearns replied he is not concerned as plans are in place for the future and he gave examples.

Councilor Bourdon – agrees with these proposals of revenue; however disagrees with using unassigned fund balance as the revenues are hypothetical.

Councilor Cardon - Looking to put back the \$1M next year - is that normal? Money to Human Services - do we get any reimbursements? What % does the Town pay for retirement?

Ms. Mobsby – Normally it's around \$500,000. We receive a small reimbursement from Social Security.

Ms. Hickey – she and Mr. Stearns goal is to look into increase revenue or decrease expenses over time. The retirement costs are 11.17% for employees, 26.38% for Police, and 29.16% for Fire this comes from the state.

Councilor Osborne – question for Mr. Stearns - we are hearing concerns over use of Fund Balance, are people more comfortable with this approach than staff cuts or other cuts.

Mr. Stearns stated this budget has been agreed upon by the “Senior. Staff”. They did not have an in-depth discuss as was held here tonight.

Police: Chief Garone

Councilor Katsakiores - What impact would the proposed budget have on the police department’s ability to protect the Town? If the police do not have the available manpower, where can the resident expect backup to come from and how long would it take to arrive. If the goal is to establish a 15% cut over a 3-5 year period how long would it take to recover?

Chief Garone – there would be 70 (8 hour shifts) shifts that we would not be able to cover during the year. We can have backup/mutual aid responder (Londonderry) and the response time could be within 10-15 minutes. Reestablishing cuts would be difficult.

Councilor Dimmock- question if mutual aid could come from the State PD?

Chief Garone – we use Londonderry & State Police to utilize K-9. State Police do not come in assist with calls.

Councilor Bourdon- asked how many calls on an average day the department receives. What has been the trend been over the past 4 years, are they related overdoes/drug crimes.

Chief Garone assigns an officer to 29,000 calls annually. 80-90 burglaries are to obtain money for drugs. It has skyrocketed; however, the deaths are down

Council Tripp-none

Council Fischer- It is listed that there is a \$25,000 reduction in overtime; were there any other cost saving ideas offered. Do you feel that you had ample opportunity to express need over the past six months.

Chief Garone stated for the record there were none. Before presenting his budget to Mr. Stearns, they had reduced their budget by \$131,000. A lot of that was purchases which we made last year. They would have looked at other purchases. They had already reduced their overtime account by \$11,000 before the \$25,000.

Councilor Osborne – do we staff shifts the same way every day?

Chief Garone we do staff differently; not so much by day but by the hour of day. The 3-11 pm is staffed heavier. The day shift has others available to assist during this time. There is a lapsing late night shift from 10-2pm

Fire: Chief Gagnon

Councilor Tripp asked what the chief thinks about not being able to take a tanker to a fire.

Chief Gagnon - stated the overtime for this year is \$120,000 more than last year and explained why. He gave examples why a 16 person shift is necessary. It is more effective and efficient for high hazard areas as it assists with getting duties done without overtime. The average person out per day is 2. A tanker will not save a life but it protects property.

Councilor Fischer – noted one of savings was not filling the 4 vacant positions and asked Chief Gagnon if are there any other cost saving ideas.

Chief Gagnon- said he would like to look at group purchasing with other fire departments in the area and review the CIP plan. We will need to replace an engine & ladder truck in the next two years and he is looking into the concept of a Quint combination engine/ladder truck and save 300k.

Move to extend for 10 minutes was made by Councilor Dimmock, seconded by Council Bourdon. All agreed

Chief Gagnon continued stating changing radio equipment, changing staff vehicles to a smaller more fuel efficient vehicle. There is a generator in the CIP but we are working with Verizon gifting one to us. We will then remove it from the CIP. The Fire Department is down 18 firefighters since 2001. If the overtime money can't stay in the budget and we drop below the 15 model, he would have to close Hampstead Road fire station as it could not be supported.

Councilor Katsakiores – asked what impact the proposed budget has on the Fire Departments ability

Chief Gagnon if the department was to lose the 4th person out of Central Station and there was no one for the tanker he would have to ask another town for support.

Councilor Bourdon asked if we do not fill the 4 vacancies, how would that affect Parkland Medical Center. If he closes the Hampstead station, how many homes would be affected?

Chief Gagnon stated that EMS/Fire call for last year was as follows; 4,376 calls included mutual aid and EMS in Derry 3,096 fire 1302. 57% of the time the department is out on dual calls. If he closes the Hampstead station, 1,070 homes would lose the 4 minute response time by national average. He has a list of street.

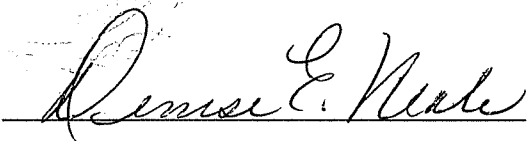
Councilor Osborne gave a list of other towns with three fire stations and asked why not Derry.

Chief Gagnon replied the stations in Derry are misplaced. The Central station needs to be relocated to West Derry. This would right a wrong for closing a station before another was built.

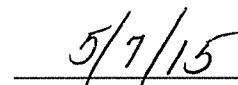
Chairman Cardon stated that Councilors who have questions for other departments that he will begin the next meeting with questioning for Public Works, Human Services and Planning.

Council Requests / Open Discussion – N/A

Adjournment 10:20pm



Town Clerk



Date

Recording & Transcription by: Denise E Neale, Town Clerk

ATTACHMENT

Budget Changes

*Town of Derry
Variance in FY16 Budget - Department Heads / Town Administrator
As of April 21, 2015*

4 Vacant Fire Fighter Positions	(384,424.70)
Police Over time	(25,000.00)
Addition of Economic Development Director	115,000.00
Public Health Insurance Buyout	(9,417.00)
Use of Undesignated Fund Balance - Overlay/Vet Exemp/Offset taxes	(1,694,800.00)
Savings in delay of Hiring Assessor	(30,000.00)
Reduction in Hours for Finance Internal Auditor	(25,120.00)
Addition of Assessing Contract for Utilities	50,000.00
Savings in Transfer Station new employee	(12,231.00)
Reduction in DPW overtime	(5,000.00)
Hydrants	(414,013.00)
Total	(2,435,005.70)