

**Enfield Board of Selectmen
Public Works Facility
Enfield, New Hampshire**

MINUTES of April 17, 2017

Board of Selectmen: B. Fred Cummings, John W. Kluge, Meredith C. Smith.

Administrative Staff: Alisa Bonnette, Interim Town Manager; Jim Taylor, Director of Public Works; Karol Hammer, Recording Secretary

Others: James Bonner (video), Doug Smith, Shirley Green, Tom Blodgett, Ellen Hackeman, Rod Finley (Pathways), Steve Patton, Richard Crate, Bob LaCroix, Tim Greene of Roberts & Greene, and others.

BUSINESS MEETING

I. CALL TO ORDER

Mr. Kluge called the meeting to order at 6:00 PM in the absence of the Chair.

II. APPROVAL OF MINUTES

Ms. Bonnette reviewed with the Board a request from Dwight Marchetti (via Alan Strickland) to have the minutes of the March 6 Selectboard meeting corrected. The minutes as approved indicated that Mr. Marchetti had resigned during his term on the Conservation Commission. Mr. Marchetti in fact did not resign, he chose not to request reappointment at the end of his term. Mr. Welenc was appointed as the new member of the committee, succeeding Mr. Marchetti, not as a replacement to fulfill an unexpired term.

Mrs. Smith made and Mr. Kluge seconded the motion to approve the correction to the March 6 minutes. The motion passed unanimously (2-0).

Mrs. Smith made and Mr. Kluge seconded the motion to approve the minutes of the March 27 Regular and Non-Public Sessions as presented. The motion passed unanimously (2-0).

Mr. Cummings arrived.

Mrs. Smith made and Mr. Cummings seconded the motion to approve the minutes of the April 3, 2017 meeting as presented. The motion passed 2-0, with Mr. Kluge abstaining (he had not been present at the April 3 meeting).

III. COMMUNICATIONS

Ms. Bonnette reviewed communications from the NH DOT regarding its plans to remove overhead flashing beacons on US Route 4 (near Great View Roller Rink) and on US Route 4a at LaSalette Drive. The DOT said it had “been closely evaluating all flashing beacons and if the beacon is at the end of its

useful life and/or is no longer warranted by Federal Highway Administration's *Manual on Uniform Traffic Control Devices* (MUTCD) then the evaluated beacon is removed."

The Board also received notice of a Wetlands Permit Application that had been submitted by Martel D. Wilson for property at 45 Caleb Dyer Lane. Mr. Wilson intended to extend an existing retaining wall on an eroding embankment.

The Town Trust Funds Quarterly report indicated that the funds continued to be in good shape.

Good news was received on the GL Partners stock fraud case. The Town received a \$6,000 payout in March and was to receive another \$7,000 in a week, then another distribution in June. The Town's recapture to date increased to about \$55,000. Ellen Hackeman sent an e-mail to the Town Manager with the information and indicated that the case was moving faster than expected.

IV. BOARD REPORTS

Mrs. Smith indicated that she had received a copy of the final National Register application, and that approval was expected from the Department of the Interior by June.

V. TOWN MANAGER'S REPORT

Ms. Bonnette reviewed the Town Clerk and Tax Collector's reports. The Town Clerk's report showed revenues slightly higher than the same time in 2016, and the Tax Collector's report was on par with 2016.

Ms. Bonnette said the Town had taken out a Tax Anticipation Note of \$1.6 million at a rate of 2.5% and would withdraw against that as needed to make payments to the school while waiting for tax revenue to come in. The Town has taken out TANS in the past.

Ms. Bonnette indicated that she had spoken with the Trustee of Trust Funds regarding the idea of withdrawing money from the CIP capital reserve fund for approved expenditures earlier in the year, as payments are made, rather than waiting until years' end for the full amount. This may ease cash flow problems.

Ms. Bonnette reported that credit approval has been obtained for the 2017 lease agreement. The interest rate offered in December is no longer available. The rate now offered is 3.8%.

She asked the Board's approval to hold a Public Hearing during its next regular meeting. This would be a mid-grant Public Hearing for the Visions grant that was administered by Shelley Hatfield.

Finally, Ms. Bonnette noted that she would be out of the office May 10 through May 12 for the Primex conference. She intended to appoint a department head to act in her stead during her absence.

V. BUSINESS

2015 Audit:

Tim Greene, a principle with Town auditors Roberts & Greene, reviewed the firm's audit of the Town's 2015 books in response to concerns raised at an earlier meeting about the \$900k+ deficit shown in that audit.

Mr. Green said that, while the deficit was not materially misstated, it was important to understand what made up that deficit and also the specific reason why the firm issued an adverse opinion on the financial statements.

First, the adverse opinion was due to the fact that the Town had not hired an actuary as advised by the auditors. This fact, he said, did not prevent a clean opinion on the Town's governmental funds – which it received.

The Town saw, at the end of 2015, a deficit of about \$900,000. Examining what caused the deficit, he said, would reveal a less dire situation than the bottom line number might indicate.

About \$200,000 of the deficit was built up over time, from such things as:

- 2012, 2013, 2014 over-expenditures of appropriations,
- 2013 shortfall in revenues of \$314,000,
- A 2013 budgeting error in which a \$265,000 revenue item was erroneously entered into the books twice,
- The sewer budget that had been running in the negative for a number of years.

Mr. Green encouraged the Board and those present to carefully read the notes to the audited financial statements, as they reveal more explanatory text than the tables themselves each year.

Tom Blodgett asked if all this meant that the deficit was real. Mr. Greene said it was.

Mr. Kluge encouraged everyone to remember that a large part of the deficit was theoretical as it represented about \$740,000 in deferred property taxes.

Mr. Greene agreed, saying it was money that would come in – it just hadn't arrived by the end of 2015.

Mr. Blodgett asked for verification that this meant the Town's actual deficit really was only about \$240,000 then.

Mr. Greene said it was.

Mr. Cummings added that the Town projected a surplus for 2016.

Mr. Blodgett said the Town was a business and had to be run like one; that something needed to happen.

Another man in attendance asked about the Town's capital reserves.

Ellen Hackeman said there was money in the capital reserves and that there were some liabilities, but more money would be coming in during the year. The Town had cash, she said, but that there was significant liability with all the equipment and vehicle leases.

Richard Crate said the Town used to save money in the capital reserves and only buy equipment when it had the money.

Mr. Cummings said the recently purchased fire truck was paid for by funds from the CIP capital reserve fund (CRF) and other funds. The CIP CRF came about, he said, when the Town's budget needed to increase to maintain the level of service the Town had been offering its residents. The easiest thing was to take from the capital reserve, to keep tax increases lower.

Mr. Cummings credited Bob Cusick and Lee Carrier's examination of the Town's capital improvement plan and their recommended approach with putting the Town on track to be in a position to buy, rather than lease, equipment and vehicles again.

Mr. Crate asked how much the Town had in its unexpended balances.

Ms. Hackeman said there was \$1.3million in all trust funds, not including what was tied up in lease payments.

Mr. Crate asked if there would be money to pay for an emergency expense, like if the water tower crashed.

Mrs. Hackeman said there was.

Mr. Cummings said that, if the Town had years where revenues didn't meet the budget, and expenses exceeded the budget, the difference was taken from undesignated funds, or would be placed on the Town Meeting warrant. The trash contract was a good example, he said. The numbers budgeted for the trash contract had been based on Town population at the time the contract was signed. Changed circumstances yielded higher than budget expenses.

Mr. Crate said the Town needed to say "No" to some of its expenses. He wanted the Town to put individual items on the Town Meeting ballot.

Mr. Cummings said that the Town would have to become an SB2 Town, like Canaan, to do that. Under its current structure, only certain items were on the paper ballots, and the rest (like the budget) were voted on during the deliberative session of Town Meeting.

Mrs. Hackeman agreed that the Town had to start saying "No." She asked if the Selectboard received monthly detailed expense and revenue reports.

Mr. Kluge said that Mr. Schneider had begun informing the Board more clearly and more frequently over the past two (2) years. He added that another source of the Town's financial status was its practice of budgeting very tightly, to the point where a slight overrun in expenses could cause big problems.

Mr. Cummings agreed, and said the Budget Committee had discussed budgeting too tightly at many of its meetings over the past year. The budget, he felt, should be somewhere between the bare minimum and the worst case scenario, so the Town's finances wouldn't be hit too hard by unexpected events. But, he said, they did everything they could, even adjusting line items within departmental budgets by as little as \$50 to try to keep taxes down.

The Town also should under-forecast revenues and had, for 2017, done just that. The Town believes it will exceed \$1million in auto registration revenues, but did not budget that high, in case the money doesn't actually come in.

Mr. Kluge agreed, and said that the Town couldn't cut too much because residents had certain expectations of the level and type of services they should receive. He said people wanted their trash picked up, roads plowed, roads maintained, and a protective police presence.

Doug Smith asked what the Town's process for overspending.

Ms. Bonnette said that department heads typically approved the day-to-day expenses within their departments. The Town manager supervised the department heads.

Mr. Smith asked if an approval process was triggered when an expense exceeded the budget.

Mr. Cummings said the Town operated on a bottom line budget. Departments budgeted for what they felt would be needed over the coming year and only spent what was needed. Some departments turned money back in (didn't spend their entire budget) during a year; others spend more.

An ambulance computer had failed, he said, so ambulance expenses may put the Fire Department over budget for the year.

Mr. Kluge said the Selectboard was at the mercy of the Town Manager as far as what information it saw. He said Mr. Schneider had ensured that the Selectboard had been brought information more clearly and more frequently and he hoped the new Town Manager would do the same.

Mr. Cummings said that the Town Manager really ran the Town. Other places, like Canaan, had a Town Administrator and the actual Town Management was done by the Selectboard. The Town Manager had a lot of statutory responsibility that a Town Administrator did not.

Mr. Smith asked if the Town was hiring another Town Manager, or was it going to hire a Town Administrator.

Mr. Kluge said the Town would hire another Town Manager.

Mr. Cummings said he didn't want people to think he was saying Mr. Schneider had done a bad job. On the contrary, he stressed, the Board did not want him to go.

Mr. Kluge said the Board wanted to ensure that the process would continue with the new Town Manager.

Mrs. Hackeman said she could attest to the problems of tight budgeting. If there was no budgetary surplus, no funds would go into the undesignated fund.

Mr. Cummings said that, because the Board was reviewing financial data more frequently, it would be able to make adjustments or ask that department heads not make certain expenditures if it noted a problem.

Mr. Blodgett said that nobody was there to crucify anyone.

Mr. Greene said that the auditors should, in about a week, have an idea of what the Town's 2016 statements looked like.

Mr. Kluge thanked Mr. Greene for attending and providing clarification.

US Route 4 TIF Note – Unscheduled Principle Payment

Ms. Bonnette said the TIF Committee had wanted to make transfers of small amounts each year, but it hadn't been done. Mr. Bonnette said if the Town did it now, as requested, the money would be posted against the appropriations approved at Town Meeting. The additional payment had not been appropriated in 2017.

Mr. Cummings said that the Town should do it in 2018, then.

Ms. Bonnette agreed, and said it would be appropriated as an expense, and the same amount would be entered in revenues from the TIF fund so the additional payment would not affect the tax rate. An appropriation, whether the amount requested now, or some other amount, should be requested in the fall and go through the budget process for appropriation at the 2018 Town Meeting.

Public Hearing – Municipal Water Rates:

The Chair read the warning, as follows: The Board of Selectmen will hold a public hearing on April 17, 2017 at 6:15 PM at the Public Works Facility, 74 Lockehaven Road, Enfield, NH to discuss the setting of Municipal Water Rates. Public hearings may start later, but not earlier than the posted time.

Mr. Kluge made and Mrs. Smith seconded the motion to open the Public Hearing at 6:17PM. The motion passed unanimously.

Mr. Taylor explained that the Town had seven (7) classes of water rates. The system had served the Town well, but it was difficult to explain to newcomers how the rates worked. The Town recently reduced its similar sewer rate system from seven (7) classes to two (2), and the Selectboard asked that a similar simplification be applied on the water side.

He said the proposed rates were designed to collect the same total revenues, but using only two (2) classes.

Mr. Kluge clarified that the two fixed rates and a single water usage rate would be used under the new system. Mr. Taylor confirmed.

Ms. Bonnette said that the proposed universal consumption (usage) rate was \$1.95 per gallon. The fixed rates would be delineated at the 10,000 gallon mark. Users who consumed 10,000 gallons per quarter or less would have a fixed rate of \$33 per quarter. Users consuming greater than 10,000 gallons per quarter or greater would have a fixed rate of \$132 per quarter.

Mr. Cummings asked for comments or discussion from the floor. There were none.

Mr. Kluge made and Mrs. Smith seconded the motion to close the Public Hearing at 6:20PM. The motion passed unanimously.

Mr. Kluge made and Mrs. Smith seconded the motion to adopt the new rates as presented. The motion passed unanimously.

Lakeview Sewer Extension:

Ms. Bonnette explained that the bids for the Shaker Landing portion of the project were higher than anticipated and that a USDA change of position meant that the Town would have to own the Shaker Landing portion long-term in order to be eligible for grant funding.

The Town didn't want long-term ownership of service lines, so the Shaker Landing portion of the project would be eligible only for SRF financing. While it had 10% up front forgiveness and a slightly lower interest rate, it would not include grant funding.

Shaker Landing was asking the Town to treat it the same as Lakeview.

Rod Finley of Pathways (engineer of the project) said that they had expected bids to come in around \$2.3 million, so the \$2.6 million low bid was well above budget. He suggested that the Town could separate Shaker Landing from the overall project and rebid that portion.

There was an MOU (Memorandum of Understanding) signed by Shaker Landing on May 20, 2016, stating that ownership would be temporary, just through construction. The USDA had since decided that it wanted the Town to have long-term ownership.

SRF interim financing would be used until the USDA loan amount was spent, then the grant funds could be accessed.

Mr. Taylor said the Town did not want to own a private pump station, but it would be okay owning the larger station at the end of the line.

Mr. Smith asked for Mr. Finley's recommendation.

Mr. Finley said he would re-bid or negotiate with the low bidder (Kingsbury). He said Kingsbury would be amenable to negotiating. He said he would recommend splitting Shaker Landing from the Lakeview project as they were totally different situations. Shaker Landing was not in a failure situation, while Lakeview was a much more dire situation.

Because both portions of the extension would be tied to the same manhole, they could be constructed separately without adding cost.

He said that, if things didn't work out between the Town and Shaker Landing for some reason, the Lakeview extension could connect at Chosen Vale Lane. It would be a little longer, but might be advantageous. It would put the flow along 4A, instead of through Lower Shaker Village. Environmental and governmental sign-offs and wetlands documentation would be required, but he didn't see a problem with those.

That approach would add as much as \$200,000 to the project cost.

Kevin DelMasto, president of the Lakeview Condo Association, said that delaying their portion of the project could present an additional \$4,500 pumping cost to them. They had four (4) fields off property that had been restarted (after a year-long resting period). Once those fields had to be closed again, Lakeview would have another \$16,500 per month in pumping expenses.

Mr. Cummings said he didn't want to drag out the Lakeview project any longer. He had hoped to have it complete by now.

Mr. Kluge agreed, saying the Town also had agreed that it would not put any money toward the project.

Mr. Cummings said he wasn't saying the Town should go to any expense, but that Shaker Landing should go back and rebid its portion of the project.

Mr. DelMastro said that, with the easements, it would be the shortest timeline (referring to the easements Shaker Landing had agreed to when it would be part of the project).

Ms. Bonnette said the Town Attorney was working on the needed easements.

Steve Patton asked if there was a manhole on the Shaker Landing property that gravity fed across the brook. He was informed there was.

Mr. Cummings said he wasn't saying the Town wouldn't support Shaker Landing's effort, but that Lakeview should not be delayed any more. The Town should support Shaker Landing, too. But Lakeview had been waiting.

Mr. Patton asked if Shaker Landing could withhold the easements if the Town didn't do what it wanted.

Mrs. Smith asked when the Town would have what it needed from the Town Attorney.

Mr. Bonnette said he had just started the previous week.

Mrs. Smith noted that, when Shaker Landing came before the Board the previous year, it was an add-on to the Lakeview project.

Mr. Cummings said that was right. He said Ms. Bonnette and Mr. Taylor should get the Lakeview project off the ground. He was frustrated it wasn't complete yet.

Mr. Kluge asked if Mr. Taylor had any thoughts.

Mr. Taylor said it made sense to him to want to take care of Shaker Landing, but that he agreed Lakeview was the reason for the project and that they needed to get hooked up.

Mr. Cummings instructed Ms. Bonnette and Mr. Taylor to do what needed to be done to move Lakeview forward.

Post-Issuance Tax Compliance Policy:

Ms. Bonnette said it was recommended the Town adopt a Post-Issuance Tax Compliance Policy so the IRS would know that the Town would spend the Lakeview-associated USDA funds for their declared purpose. She said there was some cost involved.

Mr. Cummings instructed her to go ahead.

Town Owned Property Status / Sale of Property:

Parcel #44 on Meadow Lane is for sale. A potential buyer has expressed interest in the adjoining Town-owned parcel #46.

Mr. Cummings asked if #46 might someday be needed for a pumping station. Mr. Taylor said it might.

The Board decided to decline the request.

Ms. Bonnette informed the Board that a tax collector's report would show two (2) Town-owned properties on its delinquent list. One on Crystal Lake Road was tied up in court over divorce agreement of deceased parties, and the other on Birch Lane because someone wanted to auction their neighboring piece with a Town-owned parcel. Maintaining these Town-owned properties as taxable will make it easier to determine past taxes owed.

Arbor Day:

Mr. Taylor explained that the Town needed to formally proclaim Arbor Day for the Town as part of its participation in the TreeCity USA program.

Mr. Kluge made and Mrs. Smith seconded the motion to proclaim April 28 as Arbor Day in the Town of Enfield, NH. The motion passed unanimously.

Community Building Rentals:

Ms. Bonnette asked Board approval to require all rental fees and cleaning deposits to be paid up front for Community Building rentals, and to add a \$10 key deposit.

The Board agreed to both items.

Lakeside Park:

The Town had received a letter from the State, acknowledging its Letter of Interest in the property.

Town Manager Search:

Mr. Cummings noted that the Search Committee would be interviewing semi-finalists on Friday, April 21, all day in Non-Public Session.

The Selectboard planned to interview the finalists Monday, April 24, also in Non-Public Session at the Shaker Museum.

The Committee had invited five (5) candidates for semi-final interviews.

Administrative Items:

The Board executed the following items:

- MS-232 Report of Appropriations Actually Voted
- Gravel Tax Levy

Mr. Kluge made and Mrs. Smith seconded the motion to approve an Intent to Excavate from Conkey. The motion passed unanimously.

Other Business:

Mr. Cummings noted that the School Board was looking for an Enfield volunteer to serve on the Reapportionment Study Committee. Interested parties should submit a Letter of Interest to the School Board by May 2, and must attend the May 9 School Board meeting.

Mr. Cumming said that, as a Selectman, he wholeheartedly supported the idea of Shirley Green serving as Enfield's representative on the Committee. There was general and enthusiastic agreement in the room.

Mr. Cummings mentioned to Mr. Taylor that several residents had expressed concern about hauling sand on rainy wet days, when it would be heavier and, presumably more expensive. Mr. Taylor promised to look into alternatives, though he didn't believe it could be done any cheaper than the Town already did.

Next Meeting:

Monday, May 1, 2017, 6:00 PM Public Works Facility Conference Room

Adjournment:

Mr. Kluge made and Mrs. Smith seconded the motion to adjourn at 7:18 PM. The motion passed unanimously.

B. Fred Cummings, Chairman

Meredith C. Smith

John W. Kluge
Enfield Board of Selectmen