

FINAL

BOARD OF SELECTMEN'S MEETING

February 28, 2012

7:00 P.M. – MUNICIPAL OFFICE BUILDING – HANOVER, NH

The meeting of the Board of Selectmen was called to order at 7:00 p.m. by Chairman Peter Christie. Present were: Peter Christie, Chairman; Katherine Connolly, Vice Chairman; Athos Rassias, Selectman; Judith Doherty, Selectman; Bill Geraghty, Selectman; Julia Griffin, Town Manager; Jessie Levine, Assistant Town Manager and Betsy McClain, Finance Director.

1. PUBLIC COMMENT.

Chairman Christie asked for Public Comment. There were no comments from the public.

2. 2nd BUDGET HEARING:

- Public Works
- CIP
- Town Properties
- Water Reclamation – Sewer Fund
- Water Utility Fund

Chairman Christie invited Peter Kulbacki, Public Works Director, to speak to the Board about the highlights and concerns regarding his budget. Mr. Kulbacki stated that the proposed budget is similar to last year. The on-going struggle is the cost of fuel which affects almost every aspect of their work such as paving, etc. The price of salt and sand has been pretty steady. They have requested funds to finish one of the bridges on Ruddsboro Road in this budget. There are 9 bridges on that road and the standards for the bridges change and it costs more to remedy. The stone arch bridge on Great Hollow Road is a Town bridge on a State Road and is going to require extensive repair. Ms. Griffin stated that they believe the damage to the bridge was caused by State plows. Vice Chairman Connolly asked if this was the bridge affected by Hurricane Irene. Mr. Kulbacki confirmed that it was affected by the flood. It was noted that this bridge is also historic.

Mr. Kulbacki stated that they are looking at single stream recycling and whether they could expand to commercial pick up in addition to residential. Ms. Griffin stated that the contract for recycling expires in April, 2013. She noted that Mr. Kulbacki is exploring options to bring recycling in-house if the change is made to pick up a single-stream.

Mr. Kulbacki reported that included in the DPW Administration budget are line items to address fees associated with permits, driver's licenses, and licensing fees for employees. There is also money included for uniform allowances at \$600 per Union employee. There are back charges to the Water Reclamation Facility for part of the Administrative Assistant's time, part of Mr. Kulbacki's time, part of the Operation Manager's time and

the Fiscal and Database Specialist. The Fiscal and Database Specialist position was created after Betsy Smith left and duties were distributed differently with Terri Jillson still handling some of the utility billing. The goal is to offer services to the public through People GIS, a software tool that will take a lot of work to get off the ground. Ms. Griffin stated that Gary Searles, the Fiscal and Database Specialist, came from TeleAtlas and has a good background for the data collection from his experience there.

Mr. Kulbacki stated that with regard to the Paving Budget, they used to itemize the roads to be paved on a schedule for maintenance. The rural roads would need maintenance more often but because of the price of paving, they have moved away from the paving schedule and they have gone to a system of assessing the roads and determining which ones need the work versus having them done automatically simply because they are on the schedule to be repaired. Mr. Kulbacki noted that this type of winter without a frozen base actually causes more damage than the years that have seen more snowstorms.

Chairman Christie noted that Mr. Kulbacki can expect to get calls about the condition of Blueberry Hill Road. Mr. Kulbacki stated that Blueberry Hill Road is on the list for paving this spring/summer. Ms. Griffin noted that the cost for paving materials has increased since the budget has been developed.

Mr. Kulbacki stated that they did an analysis of the bridges and he is anticipating that there will be a lot more bridges being "red listed" by the State and requiring repair. Vice Chairman Connolly noted that the State will "red list" a bridge but not pay for the repairs. Mr. Kulbacki stated that there is a program where State funding is available, but it takes years to get to the top of the list, and some of the bridges can be repaired for less money if done by the Town of Hanover staff.

Chairman Christie asked for the expected life for the bridges once they've been repaired. Mr. Kulbacki stated that it depends on the type of bridge but typically 50 to 75 years.

Mr. Kulbacki stated that \$49,000 is the price increase for fuel over last year. They haven't used more fuel but the 27.9% increase in cost is the impact on the budget.

Selectman Geraghty asked if the estimate is now too low based on the recent fuel increases. Mr. Kulbacki stated that the estimate is probably low. Vice Chairman Connolly asked when contracts for fuel are signed. Mr. Kulbacki stated that they aren't able to sign contracts for certain types of fuel. The Town also does not have storage tanks to store fuel.

Mr. Kulbacki stated that the budget for parts is going up. Mr. Kulbacki noted that because they kept the police cruisers beyond their planned replacement cycle, they've had to replace 3 transmissions which are expensive. The cost of the transmission is about equal to the amount that they would get for a trade-in. Selectman Rassias asked when the failures started. Mr. Kulbacki asked Mr. Austin to answer questions regarding the cars.

Frank Austin stated that the failures started around 120,000 miles and not much past the 3 year timeframe. The oil analysis is done every oil change which helps with predictive maintenance but in this situation the gears just started failing. There was one transmission that could be done with a quick fix.

Selectman Rassias noted that this was something that is brought up every year (whether they can extend the life of the cars for replacement) and now they can see the result. He asked if Frank Austin thinks that the newer model Fords will have a better track record. Mr. Austin stated that he has a better track record with the Crown Victorias and no history with the Ford Fusion. The Ford Fusion is taking the place of the Taurus and they are all-wheel drive. Selectman Rassias asked how far the Ridgeline could be pushed out. Mr. Austin stated that the need for the Ridgeline could be a little bit less necessary with the all wheel drive. They have had discussions about pushing the replacement of the Ridgeline out for another year.

Selectman Doherty stated that she remembered the conversation from last year and the thought that in extending the life of the vehicle they could see what would happen. Now they know what happens and it would be helpful as they look at the CIP to take what they have learned and project out the extension with vehicles or other items on the list; this would help in the decision making process. Between staffing, labor, overtime, loss of the use of the vehicle, etc. somehow they need to look at what they learned and see if the decisions made a year ago still make sense. Vice Chairman Connolly noted that the experiment was unintentional but now they know the real answer to the issue about extending the life of vehicles for extra time.

Frank Austin noted that they do have a matrix to replace the vehicles every 3 years but they had no idea that at 3 ½ years they would be looking at replacing transmissions. Mr. Austin noted that they have different schedules based on the use of the particular vehicle and they look at the cost to keep the vehicle running.

Selectman Rassias stated that Frank Austin's work in keeping track of all of this is extremely important and he thanked him for his hard work.

Mr. Kulbacki stated that they talked to Northeast Waste about single stream recycling. The last time they discussed this program, it wasn't viable because they would have to ship the recycling away. In the last few months, there is a facility that will be owned by the Concord Regional Solid Waste District that will be able to take the materials. The facility is still yet to be built but in order to be viable they need between 60,000 and 70,000 tons and right now they have commitments for 20,000 tons. There may come a time down the road where this is viable. There are about 15 facilities in New England that can handle the single stream recycling. You still make more money doing dual stream but it requires more work. The best way to pick the recyclables up is with a packer truck and then you have to store the materials and ship it off. Public Works is looking at options for storage and how materials would be picked up and the staffing levels that would be required to do this and the cost of hauling the materials, etc.

Mr. Kulbacki stated that recycling pick up is currently a 4 day operation. With single stream, less time per pick-up is necessary at the curb. The question is how they might bring commercial recycling into it. Ms. Griffin stated that they would be targeting the downtown area. Mr. Kulbacki stated that they are looking at having 4 or 5 pickup sites in the downtown area. As long as it was making money, there would be no charge to recycle. They aren't sure how to deal with recovering incremental costs of a commercial recycling program, if offering the program resulted in an overall increase in expense vs. a reallocation of the current appropriated level. There is a lot to consider and talk about but there are nice opportunities.

Mr. Kulbacki stated that the cost for the grader is \$230,000. Ms. Levine stated that this purchase does not impact the tax rate because it comes out of the Capital Reserve but it does decrease that fund. Ms. Griffin asked what contributed to the increase in the price. Mr. Austin stated that it is due to the more restricted emissions standards and every time there is an upgrade to emissions, there is a \$\$\$ increase.

Chairman Christie noted that the Etna Library project is included in this budget. Mr. Kulbacki confirmed that they included an appropriation of \$125,000 for the parking lot, ice rink/playing field behind the Etna Fire Station.

Ms. Griffin noted that there are alternatives for funding the Etna Library project and the \$125,000 is the amount of the cost of labor and materials for a portion of the project but not including any changes to the Library itself. This item was put on the list for further review.

Selectman Geraghty asked about the foundation of the Etna Library. Ms. Griffin stated that Ryan Borkowski was going to talk to a couple of contractors about the cost to lift the building to remove the stone foundation and pour in a concrete foundation. Selectman Geraghty wanted to clarify that the building itself would be functional and wanted to make sure that the price is in the \$25,000 range. Chairman Christie stated that this is one of the bigger budget issues that they need to review further.

Mr. Kulbacki noted that the cut in Highway Block Grant funding impacts directly the funding available for the paving budget. Chairman Christie asked if they could charge a fee on a local basis such as the motor vehicle registration surcharge that was removed from the State. Ms. Griffin stated that they couldn't and noted that the Town already charges the Transportation Improvement Fund which is a \$5.00 fee that is used to help fund sidewalk, roadway and other transportation infrastructure improvements.

Chairman Christie noted that the large decrease in Outside Projects was due to Dartmouth funding the undergrounding of utilities in connection with their project in the current year's budget.

Chairman Christie noted that level-funding the paving budget in the face of escalating costs is something that is going to be a problem. The Town knows that they are going to need to have this work done. He would rather explain the costs up front than explain why they had to replace roads when they didn't keep up with the paving schedule.

Ms. Griffin requested Mr. Kulbacki try to put together estimates. Chairman Christie stated that they need to look at what economic tradeoffs they are making in trying to keep up with a reasonable paving schedule. Ms. Griffin stated that Hanover is in the minority in the way that they really try to maintain the paving schedule. Chairman Christie had this item put on the list for further review.

Selectman Rassias asked how much it costs to pave 1 mile of road compared to maintaining the road. Mr. Kulbacki stated that they spend about \$100,000/year to pave $\frac{3}{4}$ mile of roadway.

Mike Chase, Public Works, estimated that it would cost around \$120/foot. Selectman Rassias asked what determines when the road needs to be rebuilt versus just repaved. Mike Chase responded that when a road cracks to the point that anything that is put on top of it would just split again, it needs to be rebuilt. Selectman Doherty noted that it's not just about the cost; it is also very disruptive for the residents. Mr. Kulbacki stated that rebuilding the roads is very invasive and time consuming. Chairman Christie felt that there should be a model that would guide them from a financial point of view to determine what the optimum schedule would be.

Ms. Griffin stated that the Public Works equipment number would be increased due to the increase in cost for the Grader, with an offsetting increase in the revenue line-item, Transfer from Capital Reserve.

Vice Chairman Connolly asked about the punch cards for the landfill and how many are sold. Mr. Kulbacki stated that they receive \$24,000 in revenue. If they did eliminate the surcharge, they would lose money. Ms. Griffin stated that this was put in a number of years ago to subsidize recycling. It would be nice to eliminate the surcharge but this is not the year that they should try to absorb the lost revenue. Ms. McClain would like some guidance. It's tough for the staff to know whether they should say something to the residents indicating that they could purchase the punch cards in Lebanon for \$5.00/less.

Chairman Christie felt that staff should continue with the surcharge but with full disclosure. Selectman Geraghty agreed.

CAPITAL IMPROVEMENTS

Ms. Levine stated that she prepared a summary of the actual expenses from the Capital Reserve out of the General Fund and those that come from the Special Reserve Funds. There are 6 funds that directly relate to the operation of Public Works; road construction, sewer equipment and facility improvements, etc. There is not a detailed page for the

Road Construction Fund because that's going to be part of a larger discussion. There are some funds on the list that are Special Reserve Funds and not reserves impacting the General Fund.

Ms. Levine stated that there was a correction to the Ambulance Reserve Fund because Fire Car 1 was included in both the Ambulance Reserve Fund and the Fire Reserve Fund. Ms. Levine noted the schedule for Bridge Replacement, if they level fund the contribution at \$40,000, there is a shortfall by 2018. The Town would need to increase next year's contribution by \$15,000 and keep it at that level in order to remain solvent and then review it every year to see what the 10 year projection looks like. Ms. Levine stated that if they continued at this level for the next 10 years, they would be at a deficit of \$144,000.

Ms. Levine stated that the Building Maintenance Schedule is an area that the Board will want to spend a lot of time reviewing this summer. There are two areas they need to address: 1) what is the minimum amount of expense for an item that should be in a Capital Reserve Fund because some of the items on the list are as low as \$4,000; 2) what is the maximum amount that they want to reserve for and for the larger items, when should they choose to bond instead. Currently, the Town has scheduled \$455,000 worth of building repairs. There is \$128,000 in the fund today and in FY2013 the Town would be adding \$50,000 and spending \$58,000 so there is not enough money to spend what is needed in FY2014.

Selectman Rassias noted that this is a relatively new fund. Ms. Griffin stated that this is a fund that they created a few years ago and Frank Austin has done a lot of work to create a maintenance schedule. They started by thinking that they should reserve \$50,000/year but it's not going to be enough. Ms. McClain stated that a bond was paid off a few years ago, freeing up \$100,000 of spending capacity in the budget. This capacity was split \$50,000 into the Buildings Capital Reserve and \$50,000 continues in the Operating Budget for energy efficiency improvements. Frank Austin had prepared a planned maintenance schedule and needed a way to fund it.

Ms. Levine stated that one scenario is to bond the roof repairs which would pull \$305,000 out of the planned expenditures to be funded from the Capital Reserve Fund but if they did that, they would still need to increase the annual deposits to the fund to cover the other maintenance issues. This is an area that needs serious review. Selectman Rassias asked what they could do to make the fund solvent. Ms. Levine stated that they would need to take out the major roof expenses and bond for those improvements and then increase the funding level by \$20,000/year. Chairman Christie stated that they may need to stretch out some of the items on the schedule. Ms. Levine stated that they would like to have a continued discussion on this in the summer.

Vice Chairman Connolly asked why the roofs are all in need of repair all of a sudden. Ms. Griffin stated that it's about the age of the roofs and when you look at the life of a roof, their time has come. Mr. Austin noted that the R.W. Black Center and the Howe

Library were built in 2004 and in a few more years they will be on the list for repair and the average life of a roof is 20 years.

Ms. Levine noted that the Dispatch Center schedule is set to replace the consoles and furniture in 2016 and if they continue the annual contributions of \$12,240 there is not enough money in that fund. They would need to increase that fund by around \$43,000/year for the next couple of years to cover that major expense.

Ms. Levine stated that the Fire Department Capital Reserve will have a portion spent in the proposed budget for protective clothing. She noted that this fund would still be okay until 2020. Ms. Levine stated that the Dry Hydrant Planned Replacement has not been in the Capital Reserve Fund but there is money that has been placed in the budget every year for the past few years in the amount of \$5,000 but now there is a more detailed plan to spend that down.

Ms. Levine stated that with the correction for the grader expense, the current plan calls for \$270,000/year to be deposited and they will be short by 2017. They could raise the annual contribution by \$30,000 or look at bonding some of the major pieces of equipment.

Ms. Levine stated that the Parking Fund has a substantial balance and there is another \$66,000 being put into that budget. Because this is not a General Fund, any reduction in contributions to the Parking Fund doesn't give them the ability to move it to another fund. Chairman Christie would like to see a summary page. Ms. Levine stated that the total deficit is \$800,000 over 10 years. Chairman Christie noted that it is discouraging to see the deficit when they felt that they were funding the reserves well when the reality is that they may not have.

Ms. Griffin stated that if the 1% tax rate increase is around \$80,000, they might want to think about how they increase the General Fund contributions by \$80,000; build it into the budget and look into fully funding the General Fund Capital Reserves. Chairman Christie suggested that they ask Town Meeting to allow them to put money from the Undesignated Fund Balance in to the Capital Reserve Fund.

Ms. Levine stated that for the Police Department Reserve Fund, the original recommendation was to reduce the contributions from \$67,000 to \$55,000 but then they added in the costs for ballistic vests. She wanted to get away from putting money away for a specific item but if they stay at \$67,000, the shortfall comes in 2022 but it is only \$4,000. She noted that this fund is not in bad shape.

Ms. Levine reported that the Water Reclamation Facility Equipment Replacement Program does not impact the General Fund. She noted that this fund has a healthy balance going into this year and then they are proposing depositing a substantial amount into the Capital Reserve Fund this year; maintaining a substantial amount of surplus in this fund. Within the next year or so, they will be replacing the high level of

contributions to this fund with bond payments. She stated that this is not a fund that she is concerned about.

Ms. McClain stated that Underwood Engineers developed a detailed schedule of motor replacements and parts for the Water Reclamation Facility. They don't need to reserve for full plant replacement. Selectman Rassias asked when the next large upgrade will be needed. Ms. Griffin stated that the useful life of equipment is being replaced now but it is unknown what regulatory requirements may come forward which would require the Town to invest large amounts of money into the plant. Ms. Levine stated that once they start paying the debt service on the Town's portion of the ARRA project, the amount being deposited into this particular Capital Reserve Fund will go down. The fund won't be at \$1.1 million at the end of the schedule.

Ms. Levine stated that they don't have the numbers Water Utility Reserve Fund yet. They know their balances and they know what they are going to try to put away for Reserves but she didn't have the spending plan available.

TOWN PROPERTIES

Mr. Kulbacki stated that fuel costs are driving the cost increases and he stated that in the areas where they are able to bid for this, they do; they can pre-buy as well. Last year they saw a savings from the change in the streetlight technology. The high pressure sodium technology is the only option currently available, although the Town hopes to explore other options with the company acquiring National Grid at the appropriate time.

Ms. Griffin stated that they haven't pursued the partial night light option with National Grid. The cost to do this must be paid upfront and all at once, but with the new owner they may be able to negotiate a better price with better terms. Mr. Kulbacki stated that if they replaced all of the bulbs, it would be at the same cost for an entire year. Vice Chairman Connolly noted that the electricity cost for the parking facility went down due to the LED lighting technology by quite a bit.

Ms. Griffin reported that Frank Austin had originally proposed the window replacement and roof installation for the Etna Library but this was pulled out when they talked about the timing of the potential renovation.

Vice Chairman Connolly asked why the Water & Sewer figures went up. Ms. McClain stated that this is based on actual usage and there has not been an increase in rates. Ms. Griffin stated that for the Community Center, it is due to the hikers taking showers and doing laundry although they do pay for that service.

Ms. Griffin pointed out that it is frustrating to see the increases in spite of all of the efficiency work that was done on the buildings but this is due to the increase in costs and would have been a lot worse.

Mr. Kulbacki noted that the fuel usage for the Water Reclamation Facility is based on flow so it's not something that they can control. Once they have the digesters, this will bring the usage down. Vice Chairman Connolly asked when the digesters would be in place. Mr. Kulbacki and Kevin MacLean estimated it will be November of this year. Mr. Kulbacki stated that it has been frustrating to see how slow this project goes. They have to wait for equipment and parts and there are a lot of logistics to make these improvements while continuing full operations at the plant.

Chairman Christie stated that 2008 and 2011 have almost the same amount of fuel usage. He would like to see each year cumulatively so that they can see what is happening. Mr. Kulbacki stated that they would also need to look at what has changed for those buildings. For instance, the Black Center is being used longer in 2011 than it was in 2008. Mr. Austin stated that there are a lot of things that can affect that. Some of it is when the fuel was delivered, etc. Mr. Austin stated that the next step at R.W. Black is to try to control the heat with CO₂ sensors which would register when people are using the rooms. Chairman Christie noted that the kilowatt usage chart shows that each building is trending downward.

WATER RECLAMATION FACILITY

Mr. Kulbacki stated that they have made some progress. Pump station 5 is their largest pump station near the golf course and it has been retrofitted with ARRA funds and has seen much more efficiency and stable operation. Pump station 3, near Brook Road, was redone a few years ago. There are still some pump stations that are of older vintage down by the new swim dock which will need to be discussed in the future. There is one in the area of what was formerly Rivercrest which takes the flow from the Fire Station on Lyme Road, Fletcher Circle and CRREL. The plan is to review replacement of the pump station when Dartmouth goes to do work in that area.

Mr. Kulbacki stated that they have experienced frustration in trying to get the upgrades done to the Water Reclamation facility. Mr. MacLean stated that the plant needs to have to remain operational through all of this so they need to dictate what is allowable to a point.

Mr. Kulbacki noted that some parts of the project budget include areas that are eligible for grants but there is no funding available from the State.

WATER UTILITY FUND

Mr. Kulbacki stated that they have worked with the Trescott Company with regard to the invasive plant removal for water quality and quantity protection. There is a plantation of invasive plants that destroy other plants. They are looking at ways that they can make the watershed a healthier watershed. Mr. Kulbacki stated that part of the plan is to use some support from the fund to put a plan in place to harvest the trees in the area. Ms. Griffin stated that they will be working with the foresters and the thought is to put \$50,000 into

the fund. They are hoping to get into a 10 year plan to forest the area with selective harvesting.

Chairman Christie clarified for the audience that there was a taskforce that worked on this issue for over 6 months consisting of outside experts, the Town, the College, the Conservation Commission, The Conservancy and other groups that came up with a diversified 10 year program. If they don't do something they will lose the forest and put the water quality at risk. Chairman Christie feels that they have a plan with different approaches for different places and they will see what works. Their objective is to sustain water quality.

Mr. Kulbacki stated that another major thing that they are looking at is the amount of water that they produce and how much they lose; how much is flushed, etc. and the difference between what comes in and what goes out; the majority of the larger water meters under register where they operate the most so the Town loses money. The devices are big and expensive so the challenge is to replace these in an effective manner. The batteries are going to run out in existing meters because they have a lifespan of 10 years. They are looking at replacement meters that will work better and last longer. Chairman Christie asked when this program would be started. Mr. Kulbacki felt that they should look at this for next year's budget. It will take a number of years to replace the meters.

Vice Chairman Connolly asked if he is referring to the meters that are currently in the residents' homes. Mr. Kulbacki stated that he is referring to the meters located in homes and the batteries last about 10 years and they will start to fail soon. Vice Chairman Connolly asked if they could just replace the battery instead of the whole meter. Mr. Kulbacki stated that the batteries are integral to the head and this was an issue that he's always had with them. He noted that John Dumas has spent a lot of time researching this and has come up with a meter that he recommends.

Selectman Doherty stated that she is wondering if there might be an opportunity for residents who are interested in having the meters changed out before they fail, maybe they would be willing to pay for them. Mr. Kulbacki stated that it's the larger meters that are the real issue.

Selectman Geraghty stated that if they are losing a significant amount, he wondered if they should wait another whole year. Perhaps put a placeholder in the budget to get this done sooner. Mr. Kulbacki stated that it's about \$50,000 more than is budgeted currently which would allow them to fund a 10 year lease payment which would allow them to get the larger meters done quickly and then they could get the smaller ones done in the years after that.

Vice Chairman Connolly stated that she paid the Water Company for the water meter. Mr. Kulbacki stated that she would have paid the Water Company through her rates. Vice Chairman Connolly remembered paying an extra \$50 for the meter directly to the Water Company.

Ms. Griffin stated that they tried to minimize additions to the budget and they could add \$50,000 to the budget to do the meter transition but it would create a rate increase. Chairman Christie reported that this was going to be a one-time event and then they would hope to recover that money through accurate reporting so theoretically the rate would go back down. Ms. McClain stated that the fund has a large Undesignated Fund Balance because the year of debt service was budgeted last year. Chairman Christie felt that if there was a way to pay for this, it would have a fairly quick payback and they should not wait another whole year. This item was placed on the list for further review.

Ms. McClain stated that the Water Utility Fund operates the hydrant system and they charge the Fire Fund for the hydrant system which includes private hydrants, municipal hydrants and then the distribution of pipes that connect everything. The Town has been charging the Fire Fund PUC (Public Utilities Commission) tariffed rates for those assets. In the FY 2012 budget, the Water Utility Fund charges the Fire Fund a total of \$630,000. Of that, \$146,000 is recovered from outside customers so the charges for the private hydrant fund are a pass-through to the Fire Fund. Ms. McClain stated that they have talked about the fact that they are going to be addressing the private hydrant issue for situations in which residents are also being charged for the Fire District Tax Rate. The Fire Fund will not be billing property owners that have private hydrants that also pay the Fire District 1 Tax Rate.

Chairman Christie stated that they have been through this before and the “double dipping” was not reasonable. Ms. McClain stated that as they look at the distribution lines, they may be able to work on the actual costs for the hydrant system. Sometime in the future they should be able to look at the actual cost of the hydrant system. Mr. Kulbacki reported that in 1937 the College agreed to pay for half of the hydrants and half of the distribution line costs and they came up with a rate. Over the years they increased the costs by certain percentages.

Chairman Christie noted that the payment in lieu of taxes is going down. Ms. McClain confirmed that this was true and that the current budget year was the first year that they made the payment. In calculating the payment, she included the State school tax and should not have because utilities are exempt from that. Ms. McClain stated that she had already provided the School District a number which they took account for in their budget. Ms. McClain stated that this is based on the prior year assessed value of property that was previously owned by the Hanover Water Works Company and subject to property tax. Mike Ryan, the Town’s Assessor, will be calculating the Net Assessed Valuation on an annual basis for purposes of these payments.

ETNA LIBRARY IMPROVEMENT DISCUSSION

Chairman Christie stated that the Finance Committee had some opinions about the proposed Etna Library Improvements and the comments ranged from: the usage of the Etna Library is not used by enough of the Hanover citizens to justify a \$300K

investment; another member was looking for more information about the usage of that library; another person supports the library but feels it should include major fundraising; and two on the Committee would support an increased tax burden to accomplish this project. Chairman Christie stated that all are in agreement about the safety issues and a decision should be made sooner rather than later. As Ms. Griffin previously reported that with timing issues and other projects, it would be hard to get back to this until 2014 if it's not dealt with sooner rather than later. They also had different concepts as to how this could be funded.

Selectman Geraghty stated that if he steps back and looks at the overall picture of the Town as a whole, if the Fire Department had a major renovation he would assume it was a safety or response time issue. The library has a long history which is positive but the capital investment and the amount of services utilized out of the Library currently, his perception is that it's not a lot but he'd like to have more information on that. He noted that the operating budget isn't much at less than 1% of the budget. Selectman Geraghty felt that the question is about the capital investment and 5 or 10 years from now whether the investment is worth it. It comes back to how high the utilization is and what is the perceived value of this investment to the community at large.

Chairman Christie stated that in 2011 there were 4,800 patron visits. The Etna Library is open 28 hours/week which would come to 3.29 patrons per hour. Selectman Geraghty asked how this would compare to the Howe Library. Ms. Griffin calculated the number of patrons per hour at the Howe at 80.

Selectman Rassias stated that the other issue is the consideration of the character of that part of town. He stated that with the exception of the recent purchase of the Hayes Property and the Storrs Farm easement, there hasn't been a whole lot of emphasis on the Etna area in the recent past. There have been a lot of upgrades in the downtown area compared to Etna.

Ms. Griffin stated that they raised over \$120,000 in donations for the farmland and they took money out of the Land and Capital Improvements Fund and \$55,000 out of the Conservation Fund to pay for the acquisition. Ms. Griffin stated that the reason why she was trying to fund this in this year's budget was that many of the folks that donated specifically wanted to see the safety of the parking lot happen. Others gave because they were interested in the land. Ms. Griffin stated that they could fund the safety improvements with a combination of the Operating Budget and Undesignated Fund Balance; then fundraise for the skating rink and playing fields. The Etna Trustees have access to some money that they could apply toward the building improvements and Hank Tenney may have \$10,000 after the Thompson Terrace improvements which was money left over from the 250th Celebration. They may not need to do much in terms of fundraising for the playing field.

Chairman Christie asked if there was a promise to deal with the safety/parking lot issue. Ms. Griffin stated that there was a write up about this issue in the Town Report and it was

part of the fundraising efforts. They made the case for buying the property to create safe parking and accessibility.

Chairman Christie asked about the cost if they were just to try to solve the parking problem. Ms. Griffin reported that the parking lot is \$66,000 which doesn't include a sidewalk around to the entrance. Chairman Christie stated that it feels like a lot of money. Ms. Griffin stated that his was Mr. Kulbacki's cost estimate and with staff providing the labor, the cost is in materials.

Vice Chairman Connolly felt that the Etna Library is as much a part of the Hanover infrastructure as the Black Center, the Howe Library and other buildings in Town and Etna is certainly part of the municipal tax base. The question is how much tax money should be used. She has no problem using the General Fund Undesignated Fund Balance for this.

Selectman Doherty recalled the conversations relative to focusing on Etna around the time of the Hayes property purchase. The discussion concluded that this was a part of the Town infrastructure and it was time to invest in that part of town. She agreed with Chairman Christie's point regarding whether they need to do all of this now because it feels like they might be able to do this in parts to include fundraising. Maybe the Town doesn't take the full burden this year but they need to address the safety issues. They are at a critical moment where they invest in the improvements or they look to shut it down and she doesn't feel anyone would support that. Vice Chairman Connolly felt that there was some room to use some of those dollars for the infrastructure.

Chairman Christie stated that the Finance Committee's input was that they felt that this was an inappropriate size for the Undesignated Fund Balance. One new member felt that keeping the Undesignated Fund Balance at 10% was too aggressive; most felt that 10% to 15% might be more appropriate. The current policy states that if they are at 12% or 13% and there is money that could be given back to the taxpayers to bring it back to 10%, the objective is to put the money back into the taxpayer's pocket.

Vice Chairman Connolly stated that she ran some numbers and her first thought was to use \$250,000 towards the full \$300,000 project price which would bring the balance to 10.2% but now at \$175,000 it brings the balance to 11.1% which is respectable. Chairman Christie stated that this brings them back to the discussion about whether this is an appropriate utilization of funds.

Chairman Christie stated that if they fundraise for \$50,000 to \$75,000 they may see success in that versus a larger number. Ms. Griffin stated that one approach they could use is to leave the Undesignated Fund Balance where it is. She advocated for a larger fund balance after the hurricane disaster last summer in which Towns did not receive adequate funds from FEMA. Ms. Griffin noted that they could do the parking lot and a safe path to the front door which would leave another \$60,000 in the operating budget which could be plugged into the Capital Reserves to build up the reserves. If they took

that approach, they would need to think about how they would finish the work in Etna. Ms. Griffin suggested that they then sit down with the Recreation Board and the skating community to work on fundraising efforts for the playing field and outdoor skating rink.

Chairman Christie stated that in reviewing the budget they are now aware that there are other issues that are going to create bigger funding issues such as correctly funding the CIP plan and correctly funding paving. Right now they have some reserve in the Undesignated Fund Balance to work with. He would like to know the needs before they start spending from it. Ms. Griffin advised that they could borrow just under \$300,000 which would cost somewhere between \$27,000 to \$30,000/year. This would require a 2/3rd vote at Town Meeting in a separate Warrant Article.

Selectman Geraghty stated that the foundation of the Library is another issue. If they are going to move forward with the parking/safety issue, he assumes that if the foundation is weak, this is something that Public Works would recommend fixing sooner rather than later. Ms. Griffin stated that the issue is not that the foundation is weak but rather that it's an old stone foundation and if you're putting an addition on a masonry building, they need to work on the foundation. There are contractors that are still very busy dealing with foundation problems in areas affected by Hurricane Irene.

Vice Chairman Connolly confirmed with Ms. Griffin that the figure of \$138,000 is for the handicap access and restroom. Ms. Griffin stated that this includes some HVAC work as well. Selectman Geraghty stated that if they are going to do this, they should do it all at once and get it over with. Ms. Griffin stated that Mr. Kulbacki would rather put a parking lot in after the renovation because the construction will tear up the new parking lot. Chairman Christie pointed out that this is a diamond within the community. Ms. Levine stated that they did include window upgrades as recommended by Frank Austin so this should be included in the breakdown of costs. Ms. Griffin will try to break down the costs for the Board to see.

3. ADMINISTRATIVE REPORTS.

There were no Administrative Reports.

4. SELECTMEN'S REPORTS.

There were no Selectmen's Reports.

5. OTHER BUSINESS.

There was no Other Business reported.

6. ADJOURNMENT.

Board of Selectmen
February 28, 2012

Vice Chairman Connolly MOVED to adjourn the meeting. Selectman Doherty SECONDED the motion.

THE BOARD UNANIMOUSLY ADJOURNED THE MEETING AT 9:35 P.M.

Respectfully Submitted,

Judith A. Doherty, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Vice Chairman Connolly MOVED to adjourn the meeting. Selectman Doherty SECONDED the motion.**

THE BOARD UNANIMOUSLY ADJOURNED THE MEETING AT 9:35 P.M.