

FINAL

BOARD OF SELECTMEN'S MEETING

February 29, 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 welcomed the audience and announced that he hopes that they can do good work for the Town and have some fun in the process.

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

2. 3rd BUDGET HEARING:

- Howe Library
- Etna Library
- Assessing
- MIS
- Parks and Recreation
- Planning & Zoning

HOWE LIBRARY

Mary White and Pamela Smith were present to speak to the Board about the Howe Library. Ms. White handed out invitations to the Board to attend the 2nd Annual Howel Classic which is a mini golf extravaganza held at the Library. Ms. White stated that the event is scheduled for Saturday night, March 24th from 7:00 p.m. to 10:00 p.m. and tickets would be \$50.00/person. Family and Friends are welcome to participate on Sunday, March 25th from 11 a.m. to 4 p.m. and tickets are \$5.00/person. Everyone is welcome. Ms. White noted that the Library only holds one fundraiser a year and this is it.

Ms. White stated that they try to educate the public that 25% of the Howe's operating budget comes from the private Howe Library Corporation. The Howe Corporation owns the building; they fund "Summer Sundays"; they pay for some of the maintenance costs; they pay for all programs and for FY 2011 9,700 people attended programs; they pay \$35,000 for additional Library materials, some computers, the website and some software. She just wants to get the word out to the public because people often think that it's only tax dollars that fund the Library. The generous work of the Howe Library Corporation really does save the taxpayers' money.

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Ms. White highlighted the 10 year look back and noted the cost savings since FY '08. Chairman Christie stated that the summary indicates that the cost savings total almost \$100,000. Ms. White stated that the annual savings is \$66,900 and the additional savings over 5 years if they stayed with the old automated system would have cost \$96,000 in enhancements and upgrades. There was also a breakdown of personnel costs which accounts for almost 96% of their total budget. As they move forward in FY 2013 and they discuss a 1.5% COLA and 2% merit raise, there is no way she can give the Board a budget at less than 3.5%. She reported that 16 staff members are part-time working less than 20 hours/week and only 7 of the staff are full time eligible for the NH Retirement System.

Ms. White stated that they are trying to be as efficient as they can. They also use volunteers and in FY2011 they had 1,267 of volunteer time which does not include Trustee hours who give a total of at least that many hours on their own. Ms. White stated that they also use Dartmouth College student workers for which the College pays them 75% of their hourly wage and the Library pays the other 25%. She noted that it's a lot of work to interview and hire the right students especially since they are on breaks a lot which requires regular staff to cover.

Vice Chairman Connolly asked about the line item for Technical Services and the 4 laptops that were supposed to go to The Howe. They clarified that it is one laptop. Corey Stevens stated that they removed the 4 laptops during the budget review. Ms. White stated that they currently have 4 laptops for people to use in-house and they used to 6 but since most people have their own laptops, they will be bringing it down to 2 in the future.

Chairman Christie noted that there is no capital reserve fund to handle capital expenses for the Howe Library. Chairman Christie stated that in this budget they are seeing the effect of hits for capital expenses. Ms. Griffin stated that because of the cycle of the replacement of computers, this year is a big hit for The Howe. The increase is not due to Ms. White's budgeting but rather the cost of computers. Ms. White reported that the Howe has a total of 53 computers, some are for staff use, some are shared, but a lot are for the public. If they replaced the computers evenly in a cycle, they would be looking at replacing 13 per year. Part of the reason for the replacement is due to the new server and she noted that the public color copier is not compatible with Windows 7 so they need to make this change.

Ms. White reported that the non-resident library fee was last increased 3 years ago. She stated that 23 people attended a task force (8 Hanover taxpayers, 9 from other NH towns and 6 from VT towns) meeting to review the rates. She noted that the budget has increased 12% in 3 years and the suggestion was to increase the non-resident fee by 12%. All of the members of the tax force were very concerned about people who might not be able to afford the rate. There is an option for people to work at the Howe to reduce the cost of the library card or provide a letter from a Social Service Agency or clergy person and they would take care of the fee.

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Selectman Geraghty noted that the Howe Library is the 2nd most expensive Library in the State. Ms. White stated that the group that worked on this worked very thoughtfully on this task. Selectman Rassias asked what the Kilton Library charges for a membership. His feeling is that the Howe Library offers more services than many other libraries. Ms. McClain looked up the Kilton Library rates and noted that the non-resident fee is \$60.00/year; \$50.00/senior (age 60+) and a 6 month card cost \$35.00.

Selectman Geraghty asked if they debated about keeping the rate at a per family rate versus individual. Ms. White stated that they didn't really discuss that and kept it as a family membership. She felt that it would be hard and awkward to try to police the usage and she felt that they would lose revenue.

Ms. White stated that the Howe Library was the first library in NH to use "Evergreen" which is an open source integrated library system. She reported that they held an informational meeting in November for NH & VT librarians to share what they have learned and they had more than 80 people in attendance. She noted that thanks to Pam Smith's hard work, they implemented the acquisitions module on July 1. She stated that they were only the 2nd library in the country to implement it. She noted that the State Library is not offering any leadership although they say that they will. Ms. White stated that thanks to Ms. Griffin they are able to pay it forward and help other small libraries in NH. There is a casual contract to have Pam Smith help these libraries and once they are trained, those people can help other libraries. Ms. White stated that because they are bringing in the other libraries, the software company is providing the Howe Library with a higher level of maintenance for free. Ms. Smith stated that it's going very well and the other libraries are very excited to be automated.

Ms. Griffin asked Ms. Smith which libraries she has been working with. Ms. Smith stated that she has been working with the two libraries in Plainfield who will be joining the Meriden Library and have signed a contract with Equinox and will be started their training. This was an affordable way for them to automate otherwise they would not be able to. Ms. Griffin stated when she was first approached with this notion of helping other libraries, she couldn't think of a reason not to do it. Now since Equinox recognizes the benefit of bringing more libraries into the system and is offering to provide extra services in exchange it's a benefit to Hanover users as well.

Selectman Rassias asked when the website access pages were put in place. Ms. White stated that it was in August, 2008. Chairman Christie noted that there are a total of 7,700 cardholders and out of that number and 5,728 are from the Town of Hanover. Vice Chairman Connolly noted that 2,000 cardholders are non-resident which is impressive.

Selectman Rassias asked about the reduction in utilities and maintenance costs. Ms. White stated that this was due to Frank Austin's work and the help of Ross Farnsworth and his expertise with the HVAC system. The increase in 2011 has to do with the cost of oil.

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Selectman Rassias stated that he felt that they should remove the Water Reclamation Facility in the fuel costs graphic because it skews the graph.

Chairman Christie stated that he has had the privilege to be at the Howe Library once or twice a week and it's a very welcoming place, so come on down.

ETNA LIBRARY

Barbara Prince, Librarian for Etna Library, introduced herself to the Board and the viewing audience. She stated that she had a little background for the Board since they are looking at adding a handicap accessible entrance this year. Barbara Prince read the following statement to the Board:

“The Etna Library, whose official name is the Hanover Town Library, was built in 1905 and is listed on the National Register of Historic Landmarks. The library is a partner with the Howe Library, serving the people of the ENTIRE area of Hanover, Etna, Hanover Center, rural Hanover and downtown Hanover.

In fiscal year 2011, the Hanover Town Library circulated 7,311 books. The library filled 1,383 reserves to be picked up either at the Etna Library or at the Howe. Our collection for adults, young adults and children is current and covers a surprising number of subject areas for our small space.

A total of 4,602 persons visited the library last year. Considering that the Hanover Town Library is open 28 hours a week, these numbers show that we are very busy. We are working to serve patrons every minute at the library – patrons who come in the door, patrons who call us on the phone, and patrons who e-mail us. In addition, we request books to be delivered from the Howe Library and send items to the Howe. We fill book requests from libraries around the state as well as obtaining books for our patrons from other libraries.

The library provides numerous programs for people of all ages - story time for preschoolers twice a week, once-a-month programs for school-age children, Learning Spanish Storytime once a month, summer programs, an adult book group, author programs and local history programs. We also provide meeting space for local learning groups such as Healthy People, Healthy Planet.

In addition to paid staff, the library is supported by 30 loyal volunteers. Volunteers work at the library on Saturdays, give programs, make signs, garden, and donate quilts for fund-raising. One built shelves that match the original beautiful antique shelves. Another sewed a historic memory quilt to celebrate the town's 250th birthday. People give their time to the library because they value it highly.

The Hanover Town Library is thriving. But the front steps are steep, making them difficult for many, not just those who are in a wheelchair. There are people who want to come into the library that cannot. They ask us all the time when we will have the new

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parking lot and entrance. The only parking is on the street in front of the library, making it a perilous place for small children, as well as adults, to get out of their cars. A safe, accessible entrance is needed for everyone to be able to access our services.

If you have never been to the library, please come over and see us. We would be happy to talk with you and to tell you more about what we can provide for you and your family.”

Chairman Christie stated that he appreciated the overview.

Ms. Prince stated that the budget is pretty much the same as last year but a few things went down such as supplies and materials. Chairman Christie reported that the total budget is around \$63,000. Ms. Griffin stated that the only thing on the wish list was to increase the hours of the library by a few staffing hours but she wanted to wait until decisions were made about the proposed improvements.

Chairman Christie guided the discussion toward the proposed Hayes Farm site improvements and Library building improvements. Ms. Griffin stated that she provided the Board and staff with a breakdown of costs for the proposed improvements with the current sources of funds and potential additional sources. She noted that there is \$125,000 budgeted out of the Operating Budget for the Library; there is around \$39,000 available across two trust funds that could be available but should only be used for the Library building itself and not the parking lot or other improvements; which means that there is \$164,000 covered out of \$294,271 which leaves them with a net need of \$130,271 with some options to cover it.

Chairman Christie clarified for the audience that the Board had some discussions last night about ways to fund the proposed improvements. Chairman Christie stated that there have been discussions with the Finance Committee relative to this. He noted that he sent an e-mail today to the Board thanking them for the discussion and clarifying why the Board should be funding this. A fundamental question was asked which was how can they consider a \$300,000 project for a small library. The discussion last night resulted in a resolution that the Board should support this and that it is an important part of the infrastructure. This will significantly impact recreational opportunities in Etna and if they improve the Library and access, there will be more participation. The feeling was also that they made a commitment to the Conservation Commission and he feels that they can support this project and make it work with the 3.5% tax rate target.

Chairman Christie also stated that he felt that they should do this now rather than spread it out over multiple years. He proposed to the Board one alternative for funding; they could fund 25% or \$75,000 from this year’s taxes and use \$150,000 from the General Fund Reserves and then raise another \$75,000 through fundraising.

Selectman Geraghty stated that he wanted the Board to be clear that this is a project for the area. The Library is a component but the fields and the rest of it is all inclusive of the entire \$300,000 being discussed; that amount is not just for the Library.

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Chairman Christie stated that he received comments from the Finance Committee. He noted that John Ruth is a new member of the Finance Committee and feels that they should not be supporting this project. Chairman Christie read the following statement into the record:

From John Ruth: "In regards to the Etna library discussion, my thoughts remain that the library is not utilized by enough of the population to warrant general taxpayer dollars. According to page 165 of the budget, there are a total of 252 registered patrons with total patron visits of 4,602 for 2011...or 2% of the population, are using the library. Not only should we not spend the \$300k for the upgrades, but I also question the \$60k in the budget to operate the facility. If the residents of Etna want to maintain this library, then let them raise the funds to do so.

The discussion about using the undesignated funds to pay for the library highlights my concern about maintaining a large balance (which I view as >5% of the general budget). The appropriate target reserves balance and the library project are two separate decisions. The merits of upgrading the Etna Library should be weighed on a standalone basis. The project is either worth taxpayer support or it is not. To spend the money from the undesignated reserves on an unworthy project simply because residents were overtaxed in previous years is wrong."

Chairman Christie provided the comments he received from Kristi Fenner of the Finance Committee:

"One more comment on Etna as it seems to be the big discussion item. Some of the needs that were discussed last night (i.e. paving, unfunded capital reserves etc) I feel trump the Etna library project. At most the Board should consider doing this year is the parking, if anything. If the Board reduces the \$125K allocated to the project, they could redirect these funds to more pressing items."

Chairman Christie stated that he had expressed these concerns earlier to the Select Board but wanted to publicly acknowledge receiving these e-mails.

Ms. Prince responded to the comments and stated that the Etna/Hanover Town Library is a partner with the Howe Library and they share the same Library card. So, when the Board sees the number of 250 patrons, it refers to the number of patrons who originally got their cards in Etna. It doesn't mean that it's the number of people who use the Library and that number is misleading because the Howe and Etna Library share the same patrons.

Ms. Prince stated that she is very surprised that people view the Library as being just for the Etna people because they are a Town library and serve the entire Town of Hanover.

Chairman Christie stated that these are views of specific individuals and not necessarily from the entire Finance Committee.

Selectman Rassias stated that over the years, the Board has tried to focus on different parts of the Town; the areas around the Middle School; improvements to North and South Park Street; efforts in front of the Hopkins Center and they haven't spent a whole lot of time and effort on making changes to a very significant part of the Town which is Etna.

Selectman Rassias agreed that this is not a Library that only serves Etna. He stated that the Library is the most distinguishing feature of the Etna Community. In the last few months, they have done work to secure the conservation of the Storrs Farm and then the Hayes Farm. These are two huge parts of rural Etna and that exciting addition of the Hayes Farm allowed them to focus on this section of Etna. He fully supports pushing forward with this. He is not entirely certain how they should fund it but supports it.

Vice Chairman Connolly stated that the Hanover Town Library in Etna is as much a part of Hanover's infrastructure as any of the other facilities in Town. She feels that they should do it and do it now. Vice Chairman Connolly stated that the reference to the Undesignated Fund Balance is at 12% which is unheard of.

Selectman Doherty stated that there are many areas in the Town that have different characteristics that meet the different needs in the Town. There are a lot of inclusive pieces to the budget so that they are not excluding or compromising parts of the community. She would like for the Board to find a way to meet all of the inclusive needs without compromising. She agrees about the value that each part of the community has and it should not be committees pitting against each other. She is hopeful that the conversation will continue to be productive.

Selectman Rassias noted that there was also an option to borrow. Ms. Griffin stated that from her perspective, this project costs just under \$300,000 when you put all of the pieces together. The driveway and parking lot, ice rink/open summer field, Library improvements (addition to the Library to make it handicap accessible with a restroom) and a number of small improvements to join the old building to the new addition. If they borrow the money, the rates would be very good. If they went for a 10 to 20 year bond, it would result in a \$22,000 to \$32,500/year range for repayment. Ms. Griffin stated that because there are so many other things commanding the budget, she was thinking that this would be an easy way out.

Vice Chairman Connolly noted that \$164,000 was already accounted for. Ms. Griffin stated that if they borrowed for the entire amount, it would open \$100,000 expenditure capacity. Vice Chairman Connolly felt that using the Undesignated Fund Balance would be the best option. Chairman Christie asked for the process to borrow. Ms. McClain stated that they would have to hold a public hearing and then it would be a separate warrant article.

Ms. McClain wanted to address a statement made previously about taxpayers being overtaxed; borrowing the money is attractive because the people enjoying the improvements would be paying for it. Chairman Christie noted that just because you can

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doesn't mean you should. He stated that with the Undesignated Fund Balance up around 12.5% to 13% and the current guidelines are to keep it between 5% to 10%, there has been discussion to keep the fund at over 10% because of possible future natural disasters. This would be a one-time project rather than a recurring need.

This item will be included for further discussion tomorrow night.

ASSESSING

Mike Ryan, Director of Assessing was present to speak to the Board. Mr. Ryan provided the Board with a quick overview. He noted that there was excess capacity in the budget to continue with the inspection program. In order to account for this they reduced the Revaluation Support account by \$10,000 from \$25,000 to \$15,000. The Capital Reserve was then reduced from \$15,000 to \$5,000 so that money then went back to the General Fund. He thanked Ms. Griffin for this because this keeps the inspector working and he should finish in July. The 1.3% decrease in his budget is due to the money moving in and out over 2 years.

Mr. Ryan stated that the salary line increase is due to merit and cost of living adjustments. He noted that the Vision software maintenance contract went up. The on-line use of the database costs \$2,200; they are replacing 2 computers – one for the public and one for the clerk. He noted that the inspections are done in rural Hanover and they are now being done in the Downtown area. Mr. Ryan stated that inspections still need to be done east of Moose Mountain this summer and the condominiums. They have started encoding the changes now so they can make changes to the reval file. They have been very fortunate that the Town has been very supportive in the past years. Mr. Ryan stated the Assessing Office could look at a 10 year cycle and do a statistical update every 5 years but the Board has decided that they want to do a physical inspection every 5 years.

Chairman Christie asked for Mr. Ryan's prediction for this budget's increase in property value. Mr. Ryan stated that he is estimating \$18 million. He stated that growth is definitely off. There are a lot of building permits but not a lot of substance.

Mr. Ryan stated that last year they were at \$26.5 million because they had the developments at 4 Currier and the Dining Hall which contributed quite a bit. He had forecasted \$25 million for last year and this year he's forecasting \$18 million.

MIS

Corey Stevens, IT Director, was present to speak to the Board. He stated that the overall budget was down a little bit. He noted that software maintenance and upgrades is up almost 18% which is largely due to 3 pieces of new software in the Town Clerk's office, the Vision Appraisal software and an on-line database called People GIS that Public Works is going to be investing in. He noted that the computer upgrades figure appears to be up but they are on a 4 year cycle so they should be replacing 25% of their computers each year but last year was a low year.

Chairman Christie noted that the Town does not reserve for this equipment. Ms. Griffin stated that one item for discussion is at what cost level does the Board want to put items into the Capital Improvement Program. The practice now is to fund this in the operating budget. Ms. McClain stated that the licensing costs are expensive and she noted that Ms. Levine had previously mentioned adding a software reserve. Selectman Rassias was pleased to see that the Town will be getting a smart board in the Boardroom. Ms. Griffin stated that they have put \$5,000 in the budget for this. Chairman Christie stated that he had challenged the Town to solve the problem with making presentations here.

PARKS AND RECREATION

Hank Tenney, Parks and Recreation Director, introduced his staff members; Liz Burdette, Assistant Recreation Director and Nicole Leonard, the After School Program Director called KAST (Kids After School Time).

Mr. Tenney stated that there are no new programs being proposed in this year's budget. Ms. Griffin stated that the big difference in the total appropriation reflects the incorporation of KAST which was the merging of the Town's After School Program with HASP (Hanover After School Program) which happened in August of last summer. The program is fully self supporting. The fees charged to families that are part of the KAST program fund the operating cost of that program.

Vice Chairman Connolly asked how many children are in the program. Ms. Leonard stated that they have 90 spots available and they have an average of 82 kids per day. Ms. Griffin stated that when they started this program 3 ½ years ago, HASP had 50 spots and Dartmouth and DHMC were looking for help for their employees' children with options for after school programs. The HASP parents asked the Town to take over the program. Ms. Griffin stated that Ms. Leonard has done a great job in growing this program and taking over for HASP.

Chairman Christie noted the list of programs offered by the Parks and Recreation Department: adult programs, youth programs, special programs, Youth-In-Action, camp programs, basketball, community center, Kids After School Time, special events. This is quite a lively, active and engaged group. Mr. Tenney stated that he is very lucky to have the staff that he has working for him. Jeanne Vieten is a wonderful receptionist and runs the Rec Track program and Sherry Colfer administers the building use and does a fantastic job. Liz Burdette has been a great Assistant Director and having Nicole Leonard on board has been a blessing for him. He stated that everyone works together down there and helps each other out. He also gave his praise for John Wilmot as maintenance person. Chairman Christie echoed Mr. Tenney's statements regarding his wonderful staff.

Chairman Christie noted that the coaching for youth programs stayed the same. Mr. Tenney stated that they don't pay their coaches a lot; they get a stipend at the end of the year which some of them use for a pizza party for their teams. They have a lot of

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community support with people helping to coach and they are very fortunate for all of their volunteers.

Chairman Christie asked about the decrease in the line item for Coaches, Officials and Instructors due to instructors renting from the Department directly and not offering the program. Mr. Tenney stated that they no longer run the adult softball program. In the Community Center, more people are not renting the building but are running the program under their own insurance making more money out of that. Mr. Tenney stated that they bring in revenue but not as much. They still cover what they projected plus each year. He noted that more and more people want to just rent the facility and not do the split with the insurance and liability, etc.

Chairman Christie noted that Youth-In-Action is now part of the Parks and Recreation Budget for the first year. Ms. Griffin stated that this is included in this budget instead of under Social Service Agencies based on the Select Board's recommendation last year.

Selectman Geraghty asked about the condition of the fields and whether Mr. Tenney felt that they are okay. Mr. Tenney stated that they still need to have the support from the Select Board and the Town with regard to the use of their facilities/fields. He noted that they receive more and more requests from outside organizations that want to use the fields and it's hard to maintain because there is not a watering system. They need to restrict the use of the fields. They get a lot of discussion surrounding the use of the fields because they are Town land and the people in the community are Town taxpayers. Mr. Tenney noted that if the fields are used constantly throughout the year, they will turn into "dust bowls." They are now focusing on the land available in the Grasse Road area. There are programs that run year round that are looking for facilities. People in the various sports groups have been pretty good about accepting the limitations.

Ms. Griffin stated that Mr. Tenney has spent a lot of time cleaning up the Thompson Terrace field. Mr. Tenney stated that there was a lot of work that needed to be done when it was taken over by the Recreation Department from the school. There have been improvements made without going into funds from the budget. This is now a nice park and there were a lot of donations from people in the community, the Lion's Club, etc. Mr. Tenney noted that he has made improvements to the bathrooms. He noted that they raised \$60,000 through Pig & Wolf Auction so they can put a small playground down there. It is becoming a nice facility and this has all been done with the cooperation and understanding of the neighbors. The neighbors have been informed and have been kept up to date and it's been a community effort.

Ms. Griffin reported that another area of focus after the Hayes Farm project can be the 11.1 acres on Grasse Road. The Town now owns this acreage which is big enough for 2+ fields although they are not pursuing this now. Lightning Soccer would love to help with fundraising and a partnership could be formed to enhance that opportunity. The Grasse Road location is adjacent to the Water Treatment Facility and the Little League Field is in the front yard of the facility so this would be a nice place to co-locate.

Mr. Tenney stated that they have leveled off the area behind the Fire Station and they were able to move the watering system so they put it closer to the rink so the Fire Department could more easily flood the area. This was done with some of the Pig & Wolf money. Chairman Christie asked about his vision for the next round of improvements for that area. Mr. Tenney stated that there has been discussion with the hockey groups about putting boards up there to have an outdoor rink but he wants to get community input and the neighborhood before they attempt to do anything like that. He stated that the next thing that they are going to do is to have a meeting with the people in Etna and they are not going to force anything on them. They can build a nice area out there without making a lot of attractive nuisances. Mr. Tenney stated that he is looking forward to working with the Etna residents on this project.

PLANNING AND ZONING

Jonathan Edwards, Director of Planning and Zoning, stated that he is not proposing an increase in personnel and no change in activities. Mr. Edwards stated that they are projecting a 2% revenue increase, a 2% increase in costs and a surplus of \$48,000.

Chairman Christie asked about the mapping capabilities. Ms. Griffin stated that there is a \$7,500 line item in the MIS budget for the GIS software. Gary Searles, the Fiscal and Database Specialist at Public Works, used to work at TeleAtlas and has extensive mapping experience. The combination of the work that Peter Kulbacki has already done with Mr. Searles' expertise; the use of fairly inexpensive software in comparison to other communities; support from Planning and Zoning and the Assessing departments has allowed the Town to put this together on a fairly small budget.

Chairman Christie noted that this is the program that Doug and Barbara McIlroy were interested in and brought to the Board's attention in the past. Mr. Edwards stated that implementing a program like Lebanon's would cost \$35,000/year. Vice Chairman Connolly noted that the Regional Planning Commission (RPC) has equipment that can be rented and Ms. Griffin noted that the Town has a great working relationship with the RPC. Ms. Griffin noted that she added \$1,000 for the Lake Host Program for Goose Pond. Mr. Edwards stated that this had been in the budget in years past but they had to drop it in tighter years.

HUMAN RESOURCES

Ms. Levine stated that her budget is experiencing the same increases in salaries. Other increases are related to association fees and conferences. Ms. McClain and Ms. Levine discussed moving a portion of the unallocated expenses that relate to Town wide expenses to Human Resources. Ms. Levine reported that she has been here for 8 months and she is getting used to the total compensation concept, looking at health insurance costs and tracking the State Retirement System Changes but she would like to take ownership of the personnel unallocated costs and see where that leads.

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Ms. Levine reported that as of the end of February, there have been over 350 candidates for a variety of positions in Town (since July 1). She noted that there were 43 candidates for the storeroom clerk opening. She noted that they had to advertise twice for 2 police officer positions and they have done searches for a full time communications officer. Ms. Levine reported that there are costs for each police officer candidate for psychological evaluations and a polygraph exam. There are significant costs for some of these positions and she is trying to get a handle on the actual costs for the hiring process. For every employee, regardless of their permanency, it costs the Town \$55 for a background check. The Recreation Department and the Library have had to do this now for volunteers and it is expensive but it is worth it for liability purposes.

Ms. Griffin noted that included in the HR materials is a chart showing the historical staffing levels from FY2003 to 2013 at the request of the Finance Committee. Selectman Geraghty stated that he found this very helpful.

Selectman Doherty stated that she saw a strong tie between the costs of trying to fill the position and the costs of overtime associated with not filling the position. Selectman Geraghty noted that when you put all of the numbers together, it costs half to almost the whole annual salary to recruit. If you have to backfill, you have to include those costs to the turnover. Ms. Levine stated that they have not had a large number of candidates apply for the police position. Ms. Griffin stated that part of this is the rate of pay that the Town is able to offer. She also stated that part of the lack of candidates could be related to people that are deployed in the military who might have otherwise applied for these positions. This is something that they will continue to look at.

HEALTH AND WELFARE

Ms. Griffin noted that this part of the budget was discussed Monday night but the Board was looking for more background on the reasons why staff is not recommending that the Board support funding to HIV/HCV Resource Center and Mascoma Valley Health Initiative (MVHI). Ms. Griffin stated that this is not to say that these are not two worthwhile organizations but they don't fit the Social Service Agency policy criteria.

Ms. Griffin stated that MVHI is a struggle for her because this is an organization that she has worked with closely over the last several years as they have worked on regional public health plans for lower Grafton County in conjunction with the City of Lebanon's Fire Department. MVHI started as an organization that originally served 5 communities in the Mascoma Valley School District but is now the closest thing to a public health agency that exists.

Ms. Griffin stated that she would like to find a way to fund the Town's participation in the Health Initiative but MVHI does not provide services directly to Hanover residents. They are doing some work on behalf of the State Department of Health to show what a regional public health agency for this region would look like. There may be a future for possible funding but the chance of the State providing funding for new initiatives is not likely.

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Selectman Doherty stated that this is being classified under Social Service Agencies but it's not really the right category. She wanted to get this to an area that it belongs. She feels that they are going to see more of this type of agency and they are going to need to look at this differently. Ms. Griffin stated that this could be included in the category of the health inspector or health officer position, etc. The Local Government Center or NHMA is budgeted in the Board of Selectmen's budget. This is a regional consortium and the challenge is where to put this into the budget and it is at a cost of \$8000+ and it doesn't fit in to the Social Service Agency category. Some of the other communities support them as a Social Service Agency.

Selectman Doherty likes the Social Service Agency Policy but this doesn't fit here and they need to look at this sometime in the future. Selectman Geraghty wondered if they could consider a smaller amount of money from another part of the budget to get started and to coordinate with the other towns.

This was added to the list for additional discussion.

ADMINISTRATIVE

Betsy McClain, Finance Director, gave a quick overview of her budget. She noted that the budget represents small efficiency changes over the last several years which are detailed in the "Look Back." This year the Selectmen began the year by setting goals and objectives and one that she took to heart was to find places in the budget where costs could be cut to introduce new programs. With the efficiencies that they have implemented, there is a noticeable decline in foot traffic in Town Hall. This resulted in reviewing whether the Town needs the same number of employees in the office. Ms. McClain stated that people who decide to renew their motor vehicle registrations on-line pay an extra \$1.85; to mail in the motor vehicle registration it costs an extra \$1.00. The Town is actually penalizing the residents that make the process more efficient. When she saw the opportunity to conduct business with less staff, she had to consider reducing staff which was a very difficult decision. There have been several discussions and everyone has acknowledged that they need to go in this direction. She stated that the person who has been most directly affected by this proposal understands and appreciates the reasons why.

Ms. McClain stated that the taxpayers look to do business in a modern way and the result is a reduction in staff. The Town is not going to be accepting credit cards because the fees are too large to absorb. Ms. McClain stated that included in the budget is an investment into software that will integrate with the front office so that they can do on-line bank payments. Invoices for tax bills, sewer and utility bills can be produced on-line. There is a current bill that is likely to pass that will allow municipalities to deliver tax and utility bills through e-mail if the customer wants it and they have a signed request.

Ms. McClain stated that included in the budget is the reduction of a full-time staff member to 60% FTE (full time equivalent) and with the savings, she recommends that they invest in this piece of software; that the Town no longer charge the \$1.00 mail-in fee

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for motor vehicle registration renewals; absorb the fixed costs of the ACH transfer at \$.45 per transaction. Ms. McClain stated that the net budget savings after the investment in the loss of revenue is \$12,000; going forward after the purchase of the software, the Town will see a savings of \$17,000.

Chairman Christie stated that the direction feels right and anytime they can be more efficient they should take advantage of that. He noted that in the long run, the Town will be more efficient, they will save more money and they will provide better services.

Ms. McClain noted that as was seen in the parking budget, the credit card transactions went from 7% to 24% of users since 2008. She does believe that this is the first step of more services that the Town will ultimately offer on-line.

Selectman Doherty thanked Ms. McClain for her work on this and recognized that the upgrades of technology and software allow for Department Heads to recognize the things that will work best for the services that they provide. The Library was another example of this when they moved to the Open Source Evergreen software.

Ms. Griffin noted that the chart indicating the reduction in annual motor vehicle registration fees has decreased significantly. Chairman Christie noted that in looking at the history of the motor vehicle registration fees, they peaked in '08 at \$1,250,000 and now it is down by \$200,000. Selectman Geraghty asked for the reason for this. Ms. McClain stated that this is due to the economy and the cash for clunkers program helped generate activity. Ms. McClain stated that they are starting to see an uptick in this area. Ms. McClain stated that this is another area that they are seeing a reduction in non-tax revenue that supports the General Fund in several areas in large amounts.

UNALLOCATED ACTIVITY

Ms. McClain stated that the Unallocated Costs have always been an area that doesn't have a "home" but are important aspects of the Town's operation. The payment in lieu of taxes coming from the Water Fund is properly budgeted in the upcoming year. This is an arrangement that is negotiated with certain property owners that are tax exempt.

Ms. McClain noted that investment income has gone down. She noted that the legal line item was reduced based on current history. She stated that the Town only has two items as part of the debt service; the R.W. Black Community Center and a payment to the Dresden School District as part of the Tri-Party Agreement. Ms. McClain noted that they are settling on the ARRA rates for the Sewer Fund and they will get a 2.9% rate for that debt.

Ms. Griffin pointed out that under the section titled "Other Categories," if the Board decided to use part of the Undesignated Fund Balance in the General Fund to offset the Operating Budget, the Fund Balance Used line item would be adjusted to reflect whatever amount of money that was used. That is where that money would be reflected.

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Ms. McClain reported that the employee benefits section of Unallocated Costs will be taken over by Human Resources next year. She noted that salaries and benefits takes up just over 70% of the overall costs to the budget; roughly 29% of that amount is for employee benefits. Ms. McClain stated that Jessie Levine and Gloria Lacasse are working on a new benefits administration software and as they work to manage those costs closely, they will continue to work on this number. Ms. McClain also stated that the Town is in the first year of a 3 year Union Contract. She noted that they changed the driver for benefits and the health care premiums during negotiations so they are going up 8.4% next year. If they had not changed it, the Town would be looking at a 14% increase so she felt that good decisions were made in terms of the labor contracts.

Chairman Christie noted that there were cost of living increases in the contracts but they were offset by savings in health benefits and they are seeing the savings in this year's budget.

Ms. McClain stated that the Town anticipates hefty spikes in the contribution for the New Hampshire Retirement System and they continue to track those developments.

Vice Chairman Connolly noted that there is an on-going legal challenge in response to the State dropping its commitment to the retirement system. Ms. Levine will attend the hearing on March 13th. Chairman Christie reported that in looking at the table, the Town of Hanover employer contributions for Group 1 changed from 4% in 2001 to 8.9% in 2011; for Group 2 it has increased from 5.3% in 2001 to 19.9% in 2011; for the Fire Department it has increased from 6.6% to 22.9%. These are substantial increases and this shows the downshifting from the State.

Selectman Geraghty clarified that it is anticipated that the downshifting was going to increase even more. He noted that the Rooms & Meals tax is another area where the revenue is decreasing. Ms. Griffin stated that this is an area that the State would most likely pull from if they are looking for revenue to solve some of their financial problems.

Ms. Levine stated that she hesitates to call the rate increases in the NHRS downshifting. The fact that they are no longer sharing the portion of the contribution is certainly downshifting. The rate increases are to help fund the Retirement System that the Town is part of and it is underfunded. The Town hasn't been helped by the fact that the Town is no longer paying its 35% share. The rates reflect the cost of running of the retirement system. Selectman Rassias stated that the Board received information regarding the health of the Retirement System about a year and a half ago.

Chairman Christie noted that the Worker's Compensation line item has gone down. Ms. McClain stated that Gloria Lacasse has been working hard on the Wellness and the Joint Loss Committee and she thinks that this has made a difference.

TAX LIENS

Selectman Rassias noted that the tax lien line item appears to be up. Ms. Griffin stated that this clearly is an indication of the economy. Ms. McClain stated that houses are not being sold and then property owners are just letting the property go to lien and then the back taxes get settled at the time of sale. Chairman Christie noted for the viewing public that the chart shows liens for 2011 at \$142,000 and the previous year was \$97,000 and in past years it has sometimes been as low as \$20,000.

Selectman Rassias still feels that Hanover has fairly low lien amounts. Ms. McClain stated that compared to other communities, Hanover is very low. Ms. Griffin stated that they have never had to issue tax anticipation notes due to a number of individuals unable to pay their taxes although other communities have had to. Ms. Levine stated that the abatement deadline is March 1st and they have one hardship abatement request. She doesn't feel that it's as bad as she thought when she first started here because there are plans in place for the taxes to be paid.

BUDGET REDUCTION REVIEW

Chairman Christie wanted to review the proposed budget adjustments.

Vice Chairman Connolly noted that the reduction for Nihonmatsu was one area that she wanted to add back to the budget. This was added to the list for tomorrow night's discussion.

Selectman Geraghty wanted to clarify that with the recognition of gas and oil prices that impact the paving budget and vehicles, whether there is enough money today to deal with the possible increases. Ms. McClain stated that to reflect current pricing in the paving budget, it requires an additional \$39,400. This is based upon what they know today versus 3 months ago. Chairman Christie requested finding a number to handle the fuel costs based on today's figures. This would be brought to the Board tomorrow night.

Ms. McClain went over the list of items for review at tomorrow night's budget meeting and noted the following items:

- Further discussion for Social Service Agency funding and whether they would increase funding requests at a uniform rate. If they award all agencies a 3% increase (except Tri County Cap who would receive an increase of 20%) they are looking at an additional \$2,165.
- The potential reinstatement of funds for the Nihonmatsu program.
- Correct the cost of the Grader from \$194,800 to \$230,000.

- Amend the paving program to look at fully funding the amount that Public Works believes that they will need to operate an optimal paving program for the Town at \$700,000. The \$39,400 for the paving materials reflecting today's known costs.
- Whether to ramp up the contributions to the Capital Reserve Funds.
- Further discuss the Mascoma Valley Health Initiative and whether there is a programmatic need versus a Social Service Agency request.
- Parking Fund - alternatives to not eliminating free parking for the first half hour and 3 hours on Saturday. Raise the meter rates on Main Street which would result in \$33,000 in revenue but a \$16,000 expense. If they raise the meter rates, they can leave the free parking in place.
- Water Utility Fund – look at funding the water meter replacement using the Undesignated Fund Balance.
- Hayes Farm Park funding strategies.

Vice Chairman Connolly wanted to add to the list the Capital Improvement Funds because she looked at them all and noted that there will be a \$150,000 deficit per year over the General Fund contributions to stay solvent over a 10 year period. Ms. Levine stated that it's actually worse than that because the roof repairs happen at the beginning.

Chairman Christie stated that there are a lot of decisions to be made and there are high price items that they may choose to bond for which would change the numbers dramatically. There are also smaller accumulative things that should go in but they need to review this further and make some policy decisions. This is a good step but they can't make healthy decisions about them until they discuss the policy.

3. ADMINISTRATIVE REPORTS.

Ms. Griffin stated that she heard yesterday that the Town received a \$350,000 grant to replace all of the fire service radios. She reminded the Board that staff had found the required match of \$42,000 in the Fire Department budget in anticipation of the grant. This will significantly enhance the Town's ability to communicate throughout the region that they serve. She noted that this is a reflection of the good work that Doug Hackett, Michael Hinsley, Michael Evans and Roger Bradley did and their good relationship with the Office of Emergency Management in Concord.

4. SELECTMEN'S REPORTS.

There were no Selectmen's Reports.

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5. OTHER BUSINESS.

There was no Other Business reported.

6. ADJOURNMENT.

Selectman Rassias MOVED to Adjourn the meeting. Selectman Doherty SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:33 P.M.

Respectfully Submitted,

Judith A. Doherty, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Selectman Rassias MOVED to Adjourn the meeting. Selectman Doherty SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:33 P.M.