

FINAL

BOARD OF SELECTMEN'S MEETING

March 1, 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 the Board 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. 4th BUDGET HEARING:

- Budget Adoption
- Review of Budget Strategies

Chairman Christie confirmed with the Board that they are still trying to stay within the 3.5% tax rate guideline. He started with the list of the proposed budget adjustments that were presented to the Board.

- Department of Public Works; Fleet & Facilities

Chairman Christie stated that they had previously discussed adjusting the budget for the current energy related costs and he noted that he would like to find a way to include them. Selectman Geraghty stated that they should try to keep this in line with reality. Ms. Griffin reported that the increase in costs for paving amounted to \$48,206 due to fuel increases since the budget was put together. Selectman Doherty supports looking at this with the reality of the numbers because the Department Heads are left with trying to manage it within their budget. Chairman Christie stated that he agrees in principal but they need the Department Heads to be able to manage their budgets. The Board agreed to add \$48,206 to the budget.

Except as noted above, Chairman Christie felt that they should leave the paving budget increases alone for now. He doesn't see where they can find the funds in this budget. To try to put another \$50,000 to \$100,000 in this budget doesn't seem possible. The Board agreed.

- Nihonmatsu

Vice Chairman Connolly advocated to have \$1,000 put back in the budget. She noted that this was appropriated originally by Town Meeting. The Board agreed to add the money back into the budget.

- Social Service Agency Requests

Chairman Christie stated that if they gave the Social Service Agencies a 3.5% increase; it would add another \$2,165. Selectman Rassias felt that since the agencies submit a specific funding request, he's not sure that he can determine what their actual costs are with regard to changes in time. He stated that the Select Board made a big effort to build a policy around social services and this feels like it's outside the policy. Selectman Doherty stated that she is tentative as well because this is a change in policy in the way that they approach these contributions. She said that she hasn't had time to think it through adequately and this sets precedent without a lot of forethought. Vice Chairman Connolly stated that for her it's the percentage because 3.5% seems a little high. It's a nice gesture and the Board has done this in the past. Chairman Christie stated that he is willing to take this one off. Selectman Geraghty asked about Tri County Cap because they were asking for a larger percentage although it's not a lot of money (\$185). The Board agreed to just leave the amount to what was requested.

Chairman Christie stated that he would not support funding Mascoma Valley Health Initiative as a Social Service Agency. The Board needs some time to determine where that request might belong and they haven't had time to review this in more detail. Selectman Doherty agreed and confirmed with Ms. Griffin that this wouldn't jeopardize the Town of Hanover from participating in a regional effort. Ms. Griffin stated that they need to figure out a funding scenario going forward.

- Capital Reserve Funding

Chairman Christie stated that this item involved ramping up the contributions to Capital Reserve by \$92,000 and that he is not comfortable taking action with this without a plan in place. The Board agreed.

- Adjustment to reflect the actual cost of the Grader

Chairman Christie stated that this one was straightforward and he would support adjusting the amount. The Board agreed.

Chairman Christie stated that the changes made so far result in a potential increase of \$91,000. Ms. McClain stated that those changes bring the tax rate to 4.61%.

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- Water Reclamation

Chairman Christie stated that this item takes care of itself. No change.

- Water Utility Fund

Chairman Christie noted that these items would result in an increase in the water rates; Ms. McClain stated that increase would be 1.7%. Ms. McClain stated that there is currently an expense of \$43,426 to replace meters. If they were going to take on the project, they would remove that expense and add a capital lease payment of \$92,500 which results in an offset of \$49,174. They would need to recover \$4,000 in revenue. Ms. Griffin stated that the Undesignated Fund Balance is so healthy because they had budgeted for a whole year of debt service which they did not have to pay. The Board opted to fund the project with Undesignated Fund Balance.

- Fire Fund

Chairman Christie stated that with energy costs going up, they need to find \$6,651 in the budget. The Board agreed.

- Ambulance Fund

Chairman Christie stated that this is self regulating at \$1,700 so there is no change.

- Parking Fund

Vice Chairman Connolly asked what it would cost to pull up the meters and put in the pay stations. She noted that it felt like a lot of money to adjust the meters. Ms. McClain guessed that the pay station was around \$9,000 each but she wasn't sure.

Chairman Christie stated that as part of the budget, it was proposed that they would change the policy relative to the first 30 minutes and the free hours on Saturday. His sense is that this was useful when they were trying to get people to use the garage and it may have outlived its usefulness. Selectman Doherty agreed that the rates are low and she felt that the Board should then allow Lt. O'Neill to work out the meter issue. Chairman Christie stated that this may also be part of the parking study. There is no change in the parking fund but as recommended.

- Possible Additional Reductions

- Capital Reserve Reduction - \$5,600

Chairman Christie stated that he didn't support reducing contributions to Capital Reserves by \$5,600. The Board agreed.

- Earned Time Benefit - \$25,000

Ms. Levine reported an additional possible reduction is in the amount of \$25,000 which is a benefit for exempt employees. At the end of the fiscal year, exempt employees that have used the minimum amount of vacation required to qualify; they put a week's vacation pay into the 457 plan which the Town pays for as a benefit. Her understanding is that it's been around for more than 10 years and the intention of it was to bring down the liability to pay out the vacation time. Ms. Levine stated that the reality is that the Town is very generous with exempt employee leave time benefits and so within a short period of time, the employee has earned back that week's pay. Ms. Griffin stated that it is not accomplishing what they thought it would do. Ms. Levine noted that the employee would have to leave within a month and a half from the time of contribution for the Town to save money. Although it is a very generous benefit for exempt employees, it doesn't result in savings for the Town. Ms. Levine stated that roughly half of the exempt employees take advantage of it.

Ms. McClain stated that since many of the exempt employees are long term employees the chances of them accruing vacation time to the maximum is even greater. Chairman Christie asked if there would be a morale impact with taking this off. Ms. Levine stated that she felt that there may be some discussion but she doesn't expect a big issue with this. Ms. Griffin stated that this has been on the list for a while. Selectman Geraghty felt that this could be taken out and then they could look at the overall package. Vice Chairman Connolly stated that they've already had 10 years of experience on this. The Board agreed to remove the benefit.

- Dispatch Overtime - \$5,000

Ms. Griffin stated that they took money from other departments' overtime. Her sense was that this was an account that she was less inclined to take the cuts but this is an area that could be reduced. Chairman Christie stated that a lot of the service is paid for from other towns but he is not inclined to reduce Dispatch overtime. Selectman Doherty asked how Dispatch would manage this cut. Ms. Griffin stated that this would be up to Doug Hackett to work through but when there is an open position this has created overtime issues. She was less anxious to cut this money. The Board chose to keep the Dispatch overtime money in the budget.

- Possible staff reductions - \$50,000

Ms. Griffin stated that this item was to look at reducing staff with the goal to least impact the delivery of services. She stated that they have some ideas but nothing specific. Ms. Griffin stated that this was something that she was less comfortable with. Chairman Christie stated that he would want to leave it off the list until they can come up with something specific. The Board agreed.

Chairman Christie asked Ms. McClain to provide them with a figure as to where they are now. Ms. McClain stated that they now need to cut \$70,257 to get to the 3.5% tax rate target.

ETNA PROJECT

Chairman Christie wanted to get the Board's opinion as to whether they want to go forward with this proposed project. The Board unanimously agreed that they wanted to proceed.

Chairman Christie stated that his sense is that they would prefer to do this project all at once. Selectman Rassias would favor pushing the building and parking lot with driveway ahead of the ice rink/summer field. Chairman Christie stated that if they can't get to the total amount of money needed, they could cut the ice rink and summer field out of it. He felt that they should consider whether they can get the whole project done first. Ms. Griffin reported that Hank Tenney stated that once the Thompson Terrace improvements are done, there may still be \$8,000-\$10,000 available from the 250th Pig & Wolf auction.

Chairman Christie stated that there is \$125,000 in this year's budget for this project as expense while staying within the 3.5% tax rate. He stated that they could offset this with reserve funds. He recommended looking at a couple of funding options. They could look at 75/150/75 which is the taxable reserve fund usage and fundraising. The first 75 is the taxable amount, the 150 is the Undesignated Fund Balance usage and the last 75 would be fundraising. Ms. Griffin stated that this would open up \$50,000 in additional expenditure capacity in the budget.

Chairman Christie stated that they also discussed borrowing. A 10 year bond would be \$30,000 which would save \$90,000 on this budget. Vice Chairman Connolly stated that there is \$39,000 in Library Trust Funds which should be included.

The Board discussed various options for financing. Chairman Christie stated that keeping the \$39,000 in the Trust Fund as a cushion might be nice but it may not be a luxury they can afford. Ms. McClain stated that the elected Trustees of Trust Funds would oversee any disbursement of those funds and would check carefully to make sure that they are spent in accordance with the wishes of the donor. There is an expendable Trust Fund which is just for operations and there is another fund in the amount of \$14,000 which is a bequest for general library operations but obviously an ice rink would not be included. Chairman Christie was confident that there were plenty of items on the list for the Library that would qualify for the Trust Funds and that they would be willing participants in this project.

Vice Chairman Connolly stated that she is worried about asking for a large amount of money for this project. She doesn't want to jeopardize the project in its entirety. Selectman Rassias agreed that they have tapped into those resources a few times recently. Chairman Christie stated that if the fundraising isn't as successful as they hope, they could keep the Trust Fund money in the background as a possible source. Selectman Doherty stated that she was leaning more toward borrowing funds.

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Kristie Fenner, Hanover Finance Committee, suggested taking half and using it against the taxes. Chairman Christie framed it with a 55/150/55 split. They would pick up the \$70,000 that they are looking for while spending the \$39,000 in Trust Funds. Chairman Christie noted that they would still have the money left over from Hank Tenney's Pig & Wolf auction if they needed it.

Selectman Geraghty went through the thought process step by step and clarified that they were originally short \$70,000 for the budget. Originally in the budget there was \$125,000 for the project. The gap was then \$64,000. Chairman Christie stated that in this scenario they are doing the whole project in one year but the original budget did not accomplish that. Selectman Geraghty stated that overall, before the budget, they are short \$70,000. They have \$125,000 in the budget and the project is \$300,000 so they are short \$175,000 so now they are at \$245,000. Selectman Geraghty stated that they could fundraise, use the surplus, borrow, or add taxes and they don't want to add taxes. This means that they could borrow and split it and determine where they want to target for fundraising. The back-up plan is the Trust Funds if they don't meet the target.

Chairman Christie stated that the borrowing scenario is the one that they are discussing and it would cost \$35,000 in principal and interest in the first year. Selectman Geraghty stated that if they wanted to push fundraising, it really has no large impact on the rate over 10 years.

Vice Chairman Connolly stated that the range that they would be fundraising for would cover the ice rink/playing fields. Selectman Geraghty stated that the advantage of fundraising for the entire project would create interest and incorporate different groups; the fundraising target could be broad.

Ms. McClain wanted to clarify the agreement for the gross budget. She confirmed that they would be budgeting an appropriation to spend \$300,000; \$55,000 from taxes; \$150,000 from Undesignated Fund Balance; \$55,000 from a future gift stream or fundraising and; \$39,000 from the Trust Funds. Selectman Rassias asked what this would do to the Undesignated Fund Balance. Ms. Griffin stated that they have over \$300,000 available to get them back down to the 10%. Chairman Christie stated that the rationale for using the Undesignated Fund Balance was not to get the rate to 10% but that it is a one-time expense. Ms. Griffin noted that using \$150,000 in Undesignated Fund Balance would get the fund down to 11%. The Board agreed to the 55/150/55 with \$35,000 from the Trust Fund solution.

Ms. Griffin stated that with regard to the differences of opinion with the Finance Committee regarding the merits of this project, the Select Board decided that they committed to doing this for the community previously which is why they purchased the property and they would like to get this done quickly without further impacting the tax rate.

Selectman Rassias MOVED to Approve the Budget as presented and modified at this meeting. Vice Chairman Connolly SECONDED the motion.

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THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BUDGET AS PRESENTED AND MODIFIED AT THIS MEETING.

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.

Chairman Christie thanked each of the Select Board members, Julia Griffin, Betsy McClain, Jessie Levine, the Department Heads and everyone that had a hand in preparing this year's budget.

Selectman Rassias MOVED to Adjourn the Meeting. Selectman Doherty SECONDED the Motion.

THE BOARD UNANIMOUSLY ADJOURNED THE MEETING AT 7:55 P.M.

Respectfully Submitted,

Judith A. Doherty, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

1. **Selectman Rassias MOVED to Approve the Budget as presented and modified at this meeting. Vice Chairman Connolly SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BUDGET AS PRESENTED AND MODIFIED AT THIS MEETING.

2. **Selectman Rassias MOVED to Adjourn the Meeting. Selectman Doherty SECONDED the Motion.**

THE BOARD UNANIMOUSLY ADJOURNED THE MEETING AT 7:55 P.M.