

FINAL

BOARD OF SELECTMEN'S MEETING

November 19, 2012

7:30 P.M. – MUNICIPAL OFFICE BUILDING – HANOVER, NH

The meeting of the Board of Selectmen was called to order at 7:30 p.m. by Chairman Peter Christie. Present were: Peter Christie, Chairman; Athos Rassias, Vice Chairman; Bill Geraghty, Selectman; Nancy Carter, Selectman; Jay Buckey, Jr., Selectman; and Julia Griffin, Town Manager.

1. PUBLIC COMMENT.

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

2. RECOMMENDATION TO NAME, RENAME OR FURTHER IDENTIFY FOUR ROADWAY SEGMENTS FOR EMERGENCY RESPONSE PURPOSES:

- Goss Road Extension from Old Dana Road to base of Tower Driveway officially changed to Moose Mountain Road.
- Goss Road Extension from end of Moose Mountain Road to top of Tower Driveway officially identified as Emergency Lane.
- Chandler Drive changed to Cedar Drive.
- Storrs Pond Driveway changed to Oak Hill Drive.

Doug Hackett, Communications Coordinator, stated that he has been addressing roads that need to be re-addressed for the purposes of 911. Chandler Drive was flagged because there is also a Chandler Road which is on the opposite side of town. Chandler Drive consists of properties owned by the College with transient residents. The College chose Cedar Drive and the change would be effective January 2, 2013.

Mr. Hackett stated that any common driveway that has more than 2 residences on it needs to be named. Naming a driveway does not make it a public road but it needs to be named for mapping purposes. The State of NH identified the driveway to Storrs Pond as an area that needs to be named. Mr. Hackett spoke with the Improvement Society and they agreed upon Oak Hill Drive which is closed and not in use currently; the Oak Hill Drive name change can be effective today.

Mr. Hackett noted that currently Moose Mountain Road starts at Old Dana Road and runs up to the driveway to the Moose Mountain Lodge and a gate that leads up to the top of the mountain. Goss Road Extension starts at the gate and runs up to the top of the hill. Goss Road is on the other side of the mountain and it is not accessible from the east side of Moose Mountain. For clarification, he is asking that they continue Moose Mountain Road from the entry to the lodge, past the gate and all the way up to the driveway of the antenna tower. Mr. Hackett noted that this one can be effective today as well because it doesn't affect any residents.

Mr. Hackett noted that he is also asking that the Board take notice and declare the road from the gate up to the driveway of the tower an emergency access lane, and because it is a Class VI Road they cannot make improvements to the roadway but if there is a washout they need the ability to repair the area for access only. The biggest issue is erosion in that area and they need to make it passable to get a vehicle up there to take care of any emergencies with regard to the poles. Selectman Carter confirmed with Mr. Hackett that this wouldn't affect people on snowshoes in the area.

Chairman Christie noted that none of these requests appear to be controversial. Mr. Hackett stated that it's just a matter of clarification.

Ms. Griffin noted that as the State continues work on the mapping, more of these changes will come before the Board. Mr. Hackett noted that the work being done with the mapping is flagging the issues that are being brought forward. There are issues with Wolfeboro Road and Etna Highlands Road because there are 3 separate segments of the road that can't be reached by each one.

Selectman Buckey MOVED to Accept the Recommendation to Name, Rename or Further Identify Four Roadway Segments for Emergency Response Purposes:

- **Chandler Drive will be known as Cedar Drive as of January 2, 2013.**
- **The driveway to Storrs Pond will now be known as Oak Hill Drive.**
- **Goss Road Extension will now be Moose Mountain Road.**
- **The portion of Moose Mountain Road from the entrance gate to the base of the tower driveway will be defined as an Emergency Lane for purposes of accessing the emergency equipment at the Tower.**

Selectman Geraghty SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE RECOMMENDATIONS TO NAME, RENAME OR FURTHER IDENTIFY FOUR ROADWAY SEGMENTS FOR EMERGENCY RESPONSE PURPOSES.

3. FISCAL REVIEW AND DISCUSSION OF TAX RATE TARGET FOR FY2013-2014.

Chairman Christie invited Betsy McClain, Finance Director, to speak to the Board.

Ms. McClain stated that tonight's presentation is broken down into 3 sections: 1) Fiscal Update; 2) 5-year projections with regard to the tax rate and 3) Undesignated Fund Balance. She noted that \$150,000 of the General Fund Undesignated Fund Balance is being used in the current fiscal year to help defray the costs of Hayes Park and the Etna Library expansion.

Ms. McClain noted that the Operating Statement presented to the Board is reviewed every month at the Management Meetings. She did highlight that the non-tax revenues sources have been suffering over the last few years. Short term interest income rates have dropped from 5% to

almost zero. The Building Permit revenue has been fairly healthy but it's questionable whether the Town can sustain this revenue at these same levels on a consistent basis.

Ms. McClain stated that the Town budgets their fringe benefits centrally; the Town doesn't present the fringe benefits as part of each department's salary figures. Year to year she tries to budget this conservatively but keeping in mind there is a big cost difference between a single person plan and a family plan so they need to allow for the possibility of eligibility changes throughout the year.

Ms. McClain reviewed the metrics that are being used or proposed for this year's budget. Historically the Select Board has used the Consumer Price Index (CPI) for the Northeast B/C Urban area. Last November the CPI was at 3.4%, and the Board assigned Town staff to present a budget with a 3.5% tax rate increase with a variety of scenarios to bring the rate down.

Ms. McClain also included the Municipal Cost Index (MCI) to show the difference between the two metrics. The Consumer Price Index consists of a group of goods that reflects cost changes for an average consumer. The MCI attempts to gauge the change in prices of products that relate to Municipal consumers. Over time, the MCI has historically tracked at a higher percentage than the CPI. In the last couple of months, the MCI has been less than CPI.

Selectman Geraghty asked why the MCI would decrease so much when a typical Municipal Index would include salaries and benefits which is the majority of the budget. Ms. McClain noted that the MCI does not include salaries and benefits; the Index is mostly paving materials, concrete, fuel, etc.

Selectman Geraghty asked how the Board would use the MCI as a point of reference when the majority of municipal costs are not included in the Index. Ms. McClain stated that this is an interesting question when you're looking at changing the metrics and should they look at implementing classifications of expenditures by a certain amount and not to solely focus on the increase in the tax rate. For example: salaries and benefits go up by a certain percent and then operating costs by something that may be tied to the Municipal Cost Index. Historically, the Board has set a percentage increase in which the tax rate goes up that includes all costs.

Ms. McClain reviewed another chart that shows the unemployment rate in the State of NH where the rate is at 5.2% as opposed to 8.8% Nationwide. In the Lebanon area, the unemployment rate is down to 3.5%. She noted that compared to others across the state and across the country, the Upper Valley is ahead of the curve.

Vice Chairman Rassias went back to the graph comparing CPI with the MCI and asked about how the rolling average between the two indices differs and whether it's important or not. Chairman Christie asked for clarification on the rolling average. Ms. McClain stated that the graph shows a point to point change in the Index but if you took the starting point and ending point and divided by 12 – you would then have a rolling average.

Ms. Griffin stated that CPI is relatively accepted and understood by residents so it has been used by the Board for years; any index that they choose could be argued both ways. Ms. McClain

stated that it is unclear how to effectively measure a community's ability to pay. Some years ago the Dresden Finance Committee tried to find a way to achieve this, but this approach has not been pursued for various reasons.

Selectman Buckey asked out the Expenditure Comparison and whether the amounts should be at 33% due to the timing of the fiscal year. Ms. McClain referred to the HR Department expenditures which include full allocation to the social service agency appropriations in July so the payment was frontloaded which effects the year to date percentage. She noted that the management team regularly looks at this information and discusses any significant unforeseen variances.

Ms. Griffin stated that in looking at the budgets, they are most concerned that the amounts do not exceed 100% of the FY budget. Ms. McClain noted that the management team also tracks how the revenue comes in as against the budget.

Chairman Christie stated that they've always understood that CPI was somewhat meaningless with regard to the cost inflation factors for the Town; they have used this primarily because the community understood it. He noted that the Municipal Cost Index appears to be similarly meaningless and may be only a little more accurate when looking at the non-compensation expenses. Ms. McClain stated that they also use the CPI when negotiating with the Unions as a basis to discuss future cost of living adjustments.

Chairman Christie stated that if they wanted to create a hybrid it would be based on two factors; benefits and salaries and the index for the non-salary increases.

Ms. McClain provided data regarding tax liens in Hanover and noted that the Town has very few parcels that go to lien. If a property owner doesn't pay their taxes in a year, the Town has the authority to lien the property and then after 2 full years, the Town can deed the property, thereby assuming ownership.

Ms. McClain presented several charts depicting the decline over the last several years in certain non-tax revenues used to offset General Fund costs. For example, in FY 2008 the Town generated over \$350,000 worth of revenue from short term investment income; this was down to \$30,000 in the most recently completed fiscal year. The Town has had to absorb over \$320,000 in lost revenue.

Selectman Buckey asked if there was a requirement to spend the short term interest; does it have to be spent within that year or can it be managed in some way. He was wondering if in the long term it makes sense to put money away in the good years and take it out in the bad years. Ms. McClain stated that this ties into the discussions regarding Undesignated Fund Balance.

Ms. McClain noted that there was a deficit in permit revenues last year and she noted that a lot of her colleagues across the State budget at base level permit revenue projections without making predictions and if large projects come in, they let the surplus fall to Undesignated Fund Balance and then they may or may not appropriate the money in future years.

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Ms. Griffin noted that last year Dartmouth did fewer projects than they had originally projected which impacted the revenue by \$120,000. The question is whether they should budget in anticipation of some of the bigger projects or just try to budget for the regular day to day permits. The downside is that they will have less revenue projected but the upside is when it is a pleasant surprise when an unanticipated project comes forward.

Chairman Christie confirmed that \$80,000 equals 1% on the tax rate.

Ms. McClain noted that the \$177,000 annual Shared Revenue Block Grant Revenue from the State has disappeared. Ms. McClain stated the Motor Vehicle Registration Fees is another significant source of non-tax revenue that is sensitive to economic conditions.

Ms. McClain stated that she expects continued State down-shifting which may include vulnerable areas such as Rooms & Meals Tax Distribution, social services and school funding. With regard to the Retirement System, the Town is looking at \$250,000 in additional employer contribution for the full-time employees in the projected FY2014 budget, and for the next several 2-year cycles the Town can expect additional 20% increases in their contribution to the Retirement System given the unfunded liability issue the System is trying to correct.

Ms. McClain stated that she is looking forward to working with the new Human Resources Director to explore different healthcare options for our employees to most effectively manage these escalating costs going forward.

Ms. McClain noted that the change in Energy Costs is an unknown and the Town has done a lot to address several initiatives requiring minimal up-front investment. However, the question is now whether the Town wants to invest more up-front in energy efficiency projects with longer term payback.

Ms. McClain stated that she feels that the Town will see shifts in the way that services are provided motivated by changes in technology and changing expectations of our citizens which may impact staffing levels.

Ms. McClain presented the Board with a summary of projected property tax rates. The current tax rates were presented and last year the tax rate target was set at 3.50%. The Board was able to meet that target but the tax rate actually increased 4.5% because there was a floor motion at Town Meeting to increase the Veteran's Tax Credit. The tax credit was increased from \$50 to \$500 so there were more Veterans who took advantage of this credit. Consequently, the total amount of Veteran's Tax Credits awarded jumped from \$8,100 to over \$80,000 and resulted in the additional 1% tax rate increase.

Ms. McClain also provided the Board with a spreadsheet of initial General Fund Projections with some background as to what is driving the 8.6% increase in the Municipal Tax Rate. She noted that the salary increases, retirement costs, health care costs and the recommendations regarding transfers to Capital Reserves are all factored in. In addition, there were some downward adjustments made with regard to some revenue items.

Ms. McClain stated that the retirement costs are going up significantly and the increase in total compensation is at 4.82%. Compensation is just over 70% of the total General Fund costs. Ms. McClain noted that the transfers to Capital Reserves are set to increase from \$469,000 to \$587,000 based on information that was presented with last year's proposed budget.

Ms. McClain stated that during the budget development cycle, department heads will look at the revenue and expenditure line items closely. If there is a gap between the initially proposed amount and the tax rate target, the management team will then need to look closely at the assumptions made on other line items. For example, the road and paving budget was incremented at a percentage tied to certain product increases in the Municipal Cost Index and maybe that was too aggressive.

Chairman Christie confirmed with Ms. McClain that when he goes through the Pro-Forma section of the General Fund Projection for FY14, the salaries are driven by the contract. The benefits are generated by the experience with the health care plans. Ms. McClain noted that the Town will experience a "Contribution Holiday" awarded as a one-time expenditure reduction by our insurance provider that has been factored into this amount.

Chairman Christie clarified that the inflation year to year in these areas are driven by the market. Ms. McClain confirmed that this is true. Chairman Christie then clarified that for FY '14 the increase is going to be 8% less the "Contribution Holiday." Ms. McClain affirmed that she adjusted the "Guaranteed Maximum Rate" increased provided by our insurance company of roughly 8.0% downward by an allocated portion of the "Contribution Holiday."

Chairman Christie noted that the contributions to retirement are a downshifting from the State which is out of the Board's control. The Capital Reserve is in the Board's control if they want to change that number. The money going into the reserve impacts the tax rate and the money coming out of the reserve does not.

Ms. Griffin noted that there is a 2% tax rate increase due to the State downshifting retirement system contribution costs for employees. Chairman Christie remarked that roughly 2.0% of the presented 8.6% FY2014 tax rate target is attributable to this State downshifting. Ms. Griffin stated that because of this, FY2014 may not be the year to beef up annual contributions to the various Capital Reserves.

Chairman Christie asked about the Building Permits and whether she used a leveling approach or if it includes certain projections. Ms. McClain stated that she reduced the budgeted revenue by almost \$170,000; \$300,000 is almost a guaranteed churn. Chairman Christie stated that this is artificially understated because there will be something above the churn.

Ms. Griffin noted that Jonathan Edwards (Planning & Zoning Director) will be meeting with Dartmouth to see what upcoming projects they may be taking on in the next year.

Selectman Buckey confirmed that the \$300,000 is a conservative figure based on regular building permits and not Dartmouth. The least conservative approach would be to take into account all of the building that Dartmouth may do. Ms. Griffin stated that the Town has gotten

burned with the projections in the past so there was an under realization of revenue. The ultra-conservative approach is to not to project any significant institutional or commercial projects.

Chairman Christie asked if this would be the same discussion if they were looking at tax levy versus tax rate. Ms. McClain stated that it would be and the only additional discussion would be Mike Ryan's (Town Assessor) projections. Ms. McClain noted that she projected \$17 million/year in Grand List growth for this preliminary presentation without consulting with Mr. Ryan.

Chairman Christie stated that having the same discussion using the tax levy would mean that they would be looking at the 9.61% increase excluding the State downshifting which would bring the increase to 7%.

Ms. McClain stated that for the past couple of years there has been an accumulated surplus in the Fire Fund Undesignated Fund Balance. The Board has used around \$200,000 in the current budget year to offset the tax rate and the balance in the fund is just under 8.0% of Fire Department operating expenditures. The fund balance is not a sustainable source of revenue and the pain will be felt in the Fire District Tax rate next year when this tax relief is not available.

Ms. McClain stated that there are 3 Fire Districts. The Downtown District is the only one that pays for the hydrant systems. Fire District 1 and Fire District 2 share all of the non-hydrant Fire Department costs the same and then Fire District 3 on the east side of Moose Mountain pays half of the rate of Fire District 2.

Chairman Christie referred to the Projected Tax Rate schedule and noted that there is some relief in FY 2015. Ms. McClain stated that they made adjustments in FY2014 on the revenue side and increased the transfers to Capital Reserve so there is not the year-to-year hit again. The Retirement System contribution rates are only set every 2 years so in FY2015 the employer contribution rate should remain the same with another uptick in FY 2016 to accommodate the next big increase in the contribution.

Selectman Carter asked if they could compensate for the years where the retirement contribution does not impact the tax rate so that the increases every two years are not as severe. Ms. McClain stated that statutorily the Town is restricted by how they can use the funds and couldn't set it aside in a specific account. The Board would have to commit to appropriating a certain amount of fund balance every year to control the tax rate increase year after year.

Chairman Christie stated that the Board has decided in the past to manage their affairs regardless of what the State has done and now roughly 5.0% of the Town's tax rate is attributable to accumulative State downshifting.

Ms. McClain stated that with regard to Undesignated Fund Balance, the guidelines may need to be tweaked since there is more risk in the Ambulance Fund versus some of the other funds. Last year the discussions took place about putting more in the Undesignated Fund Balance because of the effects of Hurricane Irene. She noted that there are other communities that like to see the General Fund Undesignated Fund Balance in excess of 15% either because of bond ratings agency expectations, conservative saving policies, or other reasons.

Selectman Buckey asked about the 5-10% range and what that reflects. Ms. McClain stated that this reflects 5-10% of the annual expenditures for each fund. She noted that they reduced the total appropriations from that fund by the amount that they know is going to be funded by already identified purposes such as Capital Reserve Funds.

Ms. McClain noted that at the end of the most recently completed fiscal year, the Undesignated Fund Balance in the General Fund was at \$1.65 million. There was a \$150,000 budgeted draw from the General Fund Undesignated Fund Balance to help offset the costs for the Hayes Park/Etna Library project. The anticipated General Fund Undesignated Fund Balance at the end of Fiscal Year 2013 will be at \$1.5 million which is roughly 12% of the net General Fund expenditures.

Ms. Griffin stated that under the current rule where the fund balance target is between 5-10% of the General Fund, they are 2% over. Chairman Christie noted that the policy wouldn't let them go under 10% unless it was a one-time expenditure.

Chairman Christie asked about the Fire Fund and the expenditure of \$192,000 bringing the amount under 10%. He doesn't remember the justification for bringing this amount down below 10%. Ms. Griffin will look at the discussion surrounding this draw from the reserve. There was a discussion about the amount and cushioning the blow on the tax rate.

Selectman Buckey noted that the Fire and Parking Funds are under 10%. Ms. McClain stated that the Parking Fund accumulated a lot of money in the Undesignated Fund Balance over the years. The Board designated \$500,000 of the Undesignated Fund Balance to be set aside for future parking system capital improvements. This money could be used to move quickly to respond to opportunities that might come up as opposed to waiting until Town Meeting to have the money appropriated. Ms. McClain noted that a certain portion of these retained fund earnings was used for facility improvements over the past couple of years and there was some discussion about how the money should or should not be spent. This fund is very well financed and there is \$500,000 in designated fund balance within the Parking Fund not reflected in the 4.08% amount listed. Selectman Buckey confirmed that the \$500,000 is considered designated fund balance because it is Board-committed for a possible future parking initiative.

Selectman Buckey asked about the Water Utility Fund that is at 53%. Ms. McClain stated that this percentage is so high because in the first year that the Town took over operation of the Water Utility, they budgeted for bond payments that did not come due until the following July 1 (i.e., the following fiscal year). The Board could designate a portion of that money to be transferred into the Water Utility Capital Reserve Fund to later replace some of the water main infrastructure.

Chairman Christie noted that the Board is looking at a relatively large liability in terms of replacing water lines and they wanted to be able to take advantage of opportunities as streets were being torn up. He agreed that it might be smart to move some of that money into the Water Utility Capital so it's ready should opportunities arise.

Chairman Christie referred to the 21% Undesignated Fund Balance in the Water Reclamation Fund and couldn't recall the reason for keeping that fund at that level. Ms. McClain stated that there were sewer connection fees over what was budgeted for the last 1-2 fiscal years that were the prime reason behind this surplus. The Water Reclamation Fund may be another area where they make the recommendation to transfer a portion of that into a Capital Reserve Fund. Chairman Christie stated that they know they have a lot of technology vulnerabilities with the sewer plant in this area.

Ms. McClain stated that there is some vulnerability in these utility funds as water and fees are based on consumption which can fluctuate from quarter to quarter based on weather, conservation efforts, etc. Ms. Griffin stated that the water and wastewater funds are more vulnerable to spikes in reduced revenue if people make efforts to reduce water use so there isn't much for the Town to fall back on to cover the utility fund's expenditures before rates can be recalibrated except Undesignated Fund Balance.

Selectman Buckey noted that if residents make a change to low flow toilets, for example, this is a permanent change and not just a fluctuation. Ms. McClain stated that the Town has historically responded to such changes by gradually adjusting rates upwards.

Selectman Carter stated that this becomes a "Catch-22" when the residents become more conservation oriented; the Town can lose their revenue stream. Selectman Carter asked how this is tied to building permit revenues when more wastewater is being reduced and is the change in technology a long range conversation.

Ms. Griffin noted that Dartmouth has already done a significant amount to reduce water use on campus. There is a large baseline of customers generating revenue to the Town separate from the connection fees in conjunction with a new building permit. During a wet summer where there isn't a lot of irrigation being done by residents, there will be a reduction in use.

Selectman Geraghty noted that one of the things that the Board committed to this year was the capital commitment for the new meters since the old meters weren't registering properly. Ms. Griffin stated that the new meters are being distributed and they will monitor and register water use more accurately. Ms. McClain stated that the Town certainly encourages conservation efforts but they will need to be responsive with the usage rates to insure the water and sewer funds cover their costs.

Chairman Christie noted that he has had subsequent discussions with various members of the Hanover Finance Committee and there are 3 factors being used when considering the budget.

	<u>Inflation Factor</u>	<u>Base</u>	<u>State</u>
Town Approach	Consumer Price Index	Tax Rate	No
Hanover Finance Committee	Municipal Cost Index	Tax Levy	Yes

Historically, the Board has based their budget guidelines on the Consumer Price Index (CPI), the tax rate and not absorbing the State downshifting. The proposal from the Finance Committee

was to consider the MCI, the tax levy and State downshifting. Chairman Christie stated that he was not aware that the Municipal Cost Index (MCI) didn't include salaries and benefits when he discussed this with the Finance Committee. It doesn't make sense to move to that as a factor unless they create a hybrid system. Ms. McClain stated that the CPI doesn't include salaries and benefits either.

Chairman Christie stated that the tax levy versus the tax rate is how they deal with the Grand List and in this case it is around the 1% range. By using the tax rate, spending gets a 1% "free ride" because it gets absorbed by the Grand List. This is explained both ways at Town Meeting and in the Town Report but it's easier to use the tax rate over the tax levy. The discussion regarding the 1% has allowed for them to work toward other things. The Town in general has been appreciative of the new initiatives. The Finance Committee members recognized that if they try to incorporate the downshifting within the budget, they will have to reduce services. The Finance Committee in general is not looking to decrease the level of services.

Selectman Geraghty stated that if there is any further discussion about the MCI then they should list what it includes and the percentage impact. For example, if the cost of gas or oil has a major influence, it will be difficult to project in February what will happen 18 months out because of fluctuating prices. Chairman Christie stated that CPI may not be the greatest frame of reference, the taxpayers understand it and they can relate CPI to how other costs are going up.

Vice Chairman Rassias thanked Betsy McClain for her presentation. He recalled discussions about whether or not to use the 12 month rolling average when it comes to CPI but he couldn't remember what they decided on this. The point-to-point, year-to-year change doesn't make a lot of sense.

Chairman Christie asked what the government uses for a rate when looking at Social Security, etc. Ms. Griffin and Ms. McClain noted that they believe they use the point-to-point rates. Ms. Griffin stated that the rationale for the MCI was that the goods may better resemble what the Town is purchasing versus a typical consumer. Chairman Christie noted that they know the salaries, wages and fringes and felt that they could try to create a hybrid index by adding the MCI onto the balance of the non-salary and wage expense to determine a "Hanover Cost Index." He is ready to maintain the current policy relative to the State downshifting and to pass it through.

Selectman Buckey appreciated the data being presented and asked if the proposed change by the Finance Committee is being driven by the concerns over tax rate growth or an overall trend. Ms. McClain stated that the vast majority of residents are paying their taxes in a timely fashion. Vice Chairman Rassias noted that the overall tax burden to the citizens is reflective of more than the municipal tax rate and the result of downshifting.

Selectman Geraghty asked about the projected increase in salaries and benefits. Ms. McClain stated that it would be around \$440,000 in the General Fund. Selectman Geraghty noted that \$80,000 on the tax rate is 1% so this would amount to an increase of approximately 6%. Ms. McClain stated that they would then look closely at the revenue side to see if non-tax revenues might be increased to offset the need to raise taxes by this amount.

Chairman Christie did some calculations and in looking at the General Fund Projection, salary and employee benefits are increasing by 3.2% which is 75% of the budget. The MCI was 1.4% for this month which would give the Hanover Price Index of 2.75%. Ms. Griffin stated that this would mean that 75% of the budget is growing at 3.2% and 25% is growing at 1.4%. Ms. Griffin stated that if you add them together and divide them, you arrive at the average. Ms. Griffin stated that this does not include the impact of the NH Retirement System. Chairman Christie stated that if you use this against the tax rate it brings it to 3.75% against the tax levy and he felt that this seems to be in line with the expectations of the community. He noted that the rate comes to 2.75% against the tax rate, but the amount of taxes to be raised (i.e., the tax levy) would actually increase by 3.75% due to growth in the Town's overall assessed property valuation.

Vice Chairman Rassias felt that this would be an accurate reflection of what the Town and the taxpayers are facing. Chairman Christie stated that if they are going to use this metric, they need to apply it to the Fire Fund. Ms. McClain confirmed that the proposed 2.75% target against the tax rate excluded the downshifting of the Retirement System cost.

Chairman Christie felt that they should have a discussion about the appropriate level of Undesignated Fund Balance. He felt that they may need to use some of the General Fund Undesignated Fund Balance to help with the tax rate even though they don't like to do that.

Vice Chairman Rassias asked if the Fire Fund was going to significantly change the tax rate target. Ms. McClain stated that they will be challenged within the Fire Fund to meet that target. Chairman Christie stated that they are going to have trouble funding the Fire Fund given there is no longer excess Fire Fund Undesignated Fund Balance available to help reduce the tax rates.

Selectman Buckey asked what was driving the Finance Committee to ask for new budget guidelines. Chairman Christie stated that there is at least one member of the Finance Committee who feels that the expenditures are much too high and the Town should reduce services. Chairman Christie felt that some of the other members saw the tax levy as a cleaner number where they could measure year to year the expenditure increases rather than compounding it with the way that the Grand List is going up. The Municipal Price Index was attractive because the Committee thought it would be more in line with the goods being purchased by the Town.

Chairman Christie stated that the populations in Hanover over the past 10 years have been stable so the expenses have outpaced any increase in population. The population doesn't drive the costs as much as the paving of roads, owning libraries and a recreation center, etc. Chairman Christie stated that the residents have a high standard of living and the citizens appreciate it and want to maintain it.

The Board asked Ms. McClain and Ms. Griffin to work toward a 2.75% tax rate excluding downshifting from the State and recognizing that the increase in the Town's tax levy would be approximately 3.75%.

4. ACCEPTANCE OF GRANT FUND RECEIVED FROM NH THE BEAUTIFUL FOR RECYCLING BINS.

Ms. Griffin reported that the Town received a \$2,000 grant from New Hampshire the Beautiful for the purchase and use of new recycling bins.

Selectman Buckey MOVED to Accept the Grant Funds Received from NH the Beautiful for Recycling Bins. Selectman Carter SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE GRANT FUNDS RECEIVED FROM NH THE BEAUTIFUL FOR RECYCLING BINS.

Ms. Griffin stated that the Town saved money by changing the color from maroon to blue.

5. RECOMMENDATION TO SET A PUBLIC HEARING FOR MONDAY, DECEMBER 3RD TO ACCEPT DONATION RECEIVED FOR ETNA LIBRARY RENOVATIONS.

Selectman Geraghty MOVED to Set a Public Hearing for Monday, December 3rd to Accept a Donation Received for the Etna Library Renovations. Vice Chairman Rassias SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO SET A PUBLIC HEARING FOR MONDAY, DECEMBER 3RD TO ACCEPT A DONATION RECEIVED FOR THE ETNA LIBRARY RENOVATIONS.

6. APPROVAL OF MINUTES:
- November 5, 2012

Vice Chairman Rassias MOVED to Accept the Minutes of November 5, 2012. Selectman Geraghty SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE MINUTES OF NOVEMBER 5, 2012.

7. ADMINISTRATIVE REPORTS.

Ms. Griffin reported that the timber frame has been ordered and will be delivered for the Etna Library addition. The work will continue quickly once the timber frame is in place. Chairman Christie noted that it was nice to see that the walk from the parking lot is in between the two steps so people can continue to use the beautiful entry.

8. SELECTMEN'S REPORTS.

Bill Geraghty

Selectman Geraghty stated that he had nothing new to report but he wanted to acknowledge the efforts by Town Staff and others on Election Day. He stated that it was clear that this was a well managed event and people were pleased that it did not take that long to vote. Ms. McClain stated that there were 1,433 new voters registered that day. Ms. Griffin noted that she helped register a lot of voters that day and that was a fun task to deal with first time voters.

Athos Rassias

Vice Chairman Rassias had nothing new to report.

Peter Christie

Chairman Christie had nothing new to report.

Nancy Carter

Selectman Carter reported that she attended the Howe Library Board meeting and The Howe Annual Campaign letters have gone out; she encouraged everyone willing to contribute to do so.

Selectman Carter reported that the Planning Board met and they discussed the re-writing of the zoning ordinance which has been well publicized. They plan to proceed at a deliberate pace with neighborhood meetings. The Planning Board does want to look at a technical re-write which addresses paragraphs and numbers and clarification of wording. The full consideration of the re-write will proceed at a much slower pace and will include members of the Planning Board attending neighborhood meetings.

Jay Buckey

Selectman Buckey had nothing new to report.

9. OTHER BUSINESS.

There was no Other Business reported.

10. ADJOURNMENT.

Selectman Geraghty MOVED to Adjourn the Meeting. Vice Chairman Rassias SECONDED the Motion.

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

Respectfully Submitted,

Nancy A. Carter, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

1. Selectman Buckey MOVED to Accept the Recommendation to Name, Rename or Further Identify Four Roadway Segments for Emergency Response Purposes:

- **Chandler Drive will be known as Cedar Drive as of January 2, 2013.**
- **The driveway to Storrs Pond will now be known as Oak Hill Drive.**
- **Goss Road Extension will now be Moose Mountain Road.**
- **The portion of Moose Mountain Road from the entrance gate to the base of the tower driveway will be defined as an Emergency Lane for purposes of accessing the emergency equipment at the Tower.**

Selectman Geraghty SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE RECOMMENDATIONS TO NAME RENAME OR FURTHER IDENTIFY FOUR ROADWAY SEGMENTS FOR EMERGENCY RESPONSE PURPOSES.

2. Selectman Buckey MOVED to Accept the Grant Funds Received from NH the Beautiful for Recycling Bins. Selectman Carter SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE GRANT FUNDS RECEIVED FROM NH THE BEAUTIFUL FOR RECYCLING BINS.

3. Selectman Geraghty MOVED to Set a Public Hearing for Monday, December 3rd to Accept a Donation Received for the Etna Library Renovations. Vice Chairman Rassias SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO SET A PUBLIC HEARING FOR MONDAY, DECEMBER 3RD TO ACCEPT A DONATION RECEIVED FOR THE ETNA LIBRARY RENOVATIONS.

4. Vice Chairman Rassias MOVED to Accept the Minutes of November 5, 2012. Selectman Geraghty SECONDED the Motion.

Board of Selectmen
November 19, 2012

**THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE MINUTES OF
NOVEMBER 5, 2012.**

- 5. Selectman Geraghty MOVED to Adjourn the Meeting. Vice Chairman Rassias
SECONDED the Motion.**

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