

FINAL

BOARD OF SELECTMEN'S MEETING

February 28, 2011

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 Brian Walsh. Present were: Brian Walsh, Chairman; Katherine Connolly, Vice Chairman; Peter Christie, Selectman; Athos Rassias, Selectman; Judith Doherty, Selectman and Julia Griffin, Town Manager.

1. PUBLIC COMMENT.

Chairman Walsh called the meeting to order and asked for Public Comment.

There were no comments from the public.

2. 1st BUDGET HEARING:

Town Manager's Presentation of Proposed FY2011-2012 Budget.

Ms. Griffin reported that they met with the Finance Committee this afternoon. The Board had previously asked to see a budget with a 1% to a 3% increase. The budget before the Board would require a 1.05% increase with budget strategies to reduce the amount or to absorb the impact of any cost of living salary adjustments which have not been factored into the proposed budget.

Ms. Griffin reported that they still don't know what the impact will be regarding the New Hampshire Retirement System and the Governor's proposal to eliminate the State contribution (25% for teachers, police and firefighters) will result in a \$102,000 hit to the Fire Fund, \$85,000 to the General Fund and around \$5,000 to the Parking Fund. The assumption in the proposed budget reflects that the State would not restore the 10% contribution (from the statutory 35% contribution level down to the current 25%) that was previously cut.

Selectman Christie stated that the Board has prepared its budget in the past without taking into consideration what the State may or may not do. Chairman Walsh wanted to put the total amount of impact on the list of budget items for further review. Ms. Griffin stated that the other unknown was the Rooms & Meals Tax distribution but it is the Governor's current intent to leave that intact; however, this could change in the legislature. Ms. Griffin stated that if the State doesn't subsidize the retirement contribution, the Town will be hard hit, but the school budgets will be hit even harder. Ms. Griffin stated that the legislature appears to be committed to making some real changes to the New Hampshire Retirement System which are positive on the employer side.

Ms. Griffin stated that the budget does not include any cost of living adjustments. Ms. Griffin stated that they have made it clear to the bargaining units that the only way they could consider any kind of cost of living adjustment is to curtail another area of total compensation growth.

Ms. Griffin reported that there are a few key components to the General Fund budget. Ms. Griffin stated that the increase in employer contributions to the Retirement System needed to be absorbed. Chairman Walsh noted that this additional cost alone represented a 1.7% tax rate increase. Ms. Griffin noted that that a 1% increase in the tax rate is just under \$80,000.

Ms. Griffin noted that included in the proposed budget are improvements to North and South Park Street to add bike lanes and sidewalk segments. It also includes the replacement of a bridge on River Road in the amount of \$72,100. There is also \$800,000 in the budget to underground the utilities on Lebanon Street between Crosby and South Streets, but this is completely offset by revenues. Ms. Griffin noted that they have budgeted the replacement of three dump trucks which would require a transfer of \$446,100 from the equipment reserve. Ms. Griffin reported that with the energy efficiency projects throughout the Town, such as the re-lamping of ornamental streetlights, savings from these projects begin to be reflected within this budget.

Selectman Christie reported that the Finance Committee noted that the entire budget has a General Fund increase of 1.05% but when blended with the Fire Fund, the Town tax rate is at 2.24%.

Chairman Walsh asked whether the Board needed to consider anything after the Finance Committee had an opportunity to review the budget. Kristi Fenner, representing the Finance Committee, stated that the Committee met today for an initial review of the proposed budget, and the initial reaction was that they were pleased with it; but the formal opinion will be released in the coming weeks.

Assessing

Ms. McClain introduced Mike Ryan, Assessor, and reported that they are ramping up for the 2013 revaluation. The budget has a slight increase for software maintenance and salary adjustments.

Mr. Ryan reported that the overlay is conservatively budgeted at \$25,000. He had estimated \$25 million growth in the Town's taxable net assessed property valuation, and he feels that achieving this level of growth is going to be a challenge. There have been more building permits issued, but the dollar amount is down. The College has some big projects in the works but these projects are exempt.

Selectman Christie asked what the budget versus actual was in terms of growth last year. Mr. Ryan stated that they estimated \$25 million but it came in at \$28.3 million.

Fire Department

Ms. McClain reported that the proposed budget calls for roughly a 6% increase in a blended Fire District tax increase. She noted that \$152,000 in cuts or additional non-tax revenues would be needed to get the rate down to 0%. There are two issues that need to be addressed in the near to mid-term: 1) The Undesignated Fund Balance accumulation within the Fire Fund and, 2) the handling of Hydrant Fees now that the Water Company is wholly owned and operated by the Town in a separate Water Utility Fund. The gross appropriation increase is at 2.4% or \$69,000; \$64,000 of this increase is due to the increase in the NH Retirement System contribution. They looked closely at tightening up the salary budget. Ms. McClain stated that they have historically over budgeted salaries to accommodate promotions if the EMT-level staff attained Paramedic status, but there were opportunities to scale this back. Ms. McClain noted that the Fire Department has done a very good job trying to manage their overtime. Ms. Griffin pointed out that the \$64,000 increase is due to the employer mandated contribution for New Hampshire Retirement System. The unknown is whether the State's 25% contribution is still going to be there. The Group II subsidy was implemented years ago as a way to entice municipalities to join the Retirement System and the State promised to pay 35% contributions to the fund. Vice Chairman Connolly noted that this would be another 3% on the budget if taken away. Chairman Walsh stated that subsidy isn't the right term – the State made contributions to the system and now they intend to rewrite the rules without contributing.

Chairman Walsh stated that he wanted to look at the budget on a line item by line item basis. He noted that the Town has tried to manage their budget closely but they are looking at a 6% tax rate increase. He stated that they are trying to bring down the undesignated fund balance but it has actually increased and he is not at all comfortable with a 6% increase in the Fire Fund tax rate.

Chairman Walsh wanted to know how the Undesignated Fund Balance continues to grow when they are trying to shrink these amounts. McClain stated that the Fire Fund received a savings accumulation due to budgeting the health care costs at the guaranteed maximum rate which has come in lower than expected. The Fund Balance has been accumulating because they have been under spending and this is directly related to basing the budget on the information that is known. In 2008 the Town realized \$94,000 in over budgeted health insurance; 2009 was \$44,000; 2010 another \$44,000 and in several of those years they budgeted termination payouts of leave that were never tapped into. Although they have overtaxed the residents, it was because they based the budget on the factors that they knew at the time. Ms. Griffin noted that the Town always gets a guaranteed maximum for health insurance rates in November; the rates have been lower than the guaranteed maximum. She noted that they have budgeted for a 25.1% increase in health insurance but it is expected that the rate may be over 1.5% lower. Ms. Griffin stated that they budget this money and don't spend any more than the actual. They have budgeted for a couple of Firefighter EMTs that could have moved up to the paramedic level but because they have not yet achieved that level, the money has not been touched.

Chairman Walsh stated that they have been accumulating funds beyond policy in the Fire Fund Undesignated Fund balance. He noted that they are at 18% when the Town's goal is 10%.

Ms. McClain stated that they would have to use \$300,000 to make the reserve at 8%. Chairman Walsh stated that between now and next year's budget, the issues surrounding fund balance and how they budget in the Fire Fund and the hydrants need to be cleaned up structurally.

Selectman Rassias asked about the \$66,000 and why this amount was chosen. Ms. McClain stated that they were trying to offset the budgeted Transfer to the Capital Reserve with the intent of not utilizing undesignated fund balance for standard operating costs. Ms. Griffin stated that they are trying to keep from using this money for operating expenses but for onetime non-recurring expenses.

Vice Chairman Connolly stated that there is nothing to keep them from transferring the overtaxed funds into the Capital Reserve Fund rather than hitting the taxpayers. She noted that they have never had an excess like this and if they are taking in an extra \$100,000/year, they could use that to augment the Capital Reserve Funds instead of taxing the taxpayers. Ms. Griffin mentioned to the Finance Committee that they could put some of this money toward the Reserve Fund so that they wouldn't have to bond for the most expensive pieces of apparatus such as the aerial ladder truck.

Chairman Walsh felt that if they are growing this Undesignated Fund Balance by under running operations based on conservative assumptions, accumulating these funds and not adjusting the taxes for it on a regular basis is not a good way to run this.

Selectman Christie stated that it doesn't change the fundamental concept that they are overtaxing the residents significantly. Ms. Griffin stated that they will be looking at this closely over the summer.

Chairman Walsh would like to review the operations of the Fire Department and Ambulance Service and then come back to the conversation about the hydrants and the Undesignated Fund Balance separately.

Selectman Christie mentioned that following the stated guidelines, they would need to take out \$130,000 out of the Undesignated Fund Balance. Ms. McClain stated that this would take them down to an approximate 1% blended tax rate.

Chairman Walsh invited Fire Chief Roger Bradley to speak to the Board. Chief Bradley introduced Captain Michael Gilbert, Captain Jeremy Thibeault, Captain Michael Hinsley and Captain Bert Hennessey.

Selectman Christie asked about the amount of the SAFER Grant. Ms. Griffin stated that last year the amount was just over \$53,000. Ms. McClain stated that there is nothing budgeted in the current fiscal year and no money was received. Captain Thibeault pointed out that this money was funded on a calendar year basis vs. a fiscal year so they have been working without this money for a while.

Vice Chairman Connolly noted that the operational equipment line item is up by \$11,000. Captain Gilbert stated that part of it was for the locker replacement; some of the lockers are aged

and were installed around 1973 or 1974. Captain Hennessey reported that there are two radio repeaters that need to get installed. This equipment will allow for better communication when they are in a building that is surrounded by concrete; the Town has a grant to install the two repeaters on the engines this year, and the hope was to get the repeaters installed on the ambulances as well.

Chairman Walsh questions whether hazardous materials should be in the Ambulance Fund which is something that they should discuss at another time.

Chairman Walsh asked about the increase from \$17,000 to \$21,500 for the boiler and how this compares with gains in efficiency or lack thereof. Captain Gilbert isn't sure that the information is available yet since it was most recently replaced. Ms. McClain stated that this is projected based on an increase in fuel costs and this is something that Frank Austin will be able to answer.

Vice Chairman Connolly noted benefits are almost up to 40% of the total cost of each person and asked whether this is due to the increase in retirement contributions. Ms. McClain stated that the fringe rates are in the high 40% range and some of this is attributed to the family insurance plans and the increased investment in the Group II employees but the Town doesn't pay the social security rates. Chairman Walsh noted that the increase in total compensation is 6.2% which is a large number. He would like to talk about this in further detail on Thursday night.

Chairman Walsh would like to talk in the future about sharing some of the more expensive equipment with other towns in the Upper Valley.

Ms. Griffin stated that the big driver in the 6.2% increase in Fire Fund total compensation increases this year is due to the 17.1% increase in health insurance and the NH Retirement System increase at 29%. Suppression overtime has gone down because they have budgeted for some of the overtime in the training portion of the budget.

Selectman Christie stated that the New Hampshire Retirement System mandated increase is being handled as if it's 'business as usual' but they could argue that it's downshifting and it happens every two years. Ms. Griffin stated that she would classify it as downshifting because the system has been mismanaged.

Vice Chairman Connolly stated that they could consider using some of the fund balance to take care of some of the capital cost expenses. Ms. Griffin stated that it was based on these figures that they suggested using \$66,000 in the budget that they have now.

Chief Bradley stated that if you go down through the budget, there are a lot of net decreases budget to budget which is the result of staff being diligent and frugal in developing their operating budget. Prior to this year, when staff would go to a training, or professional development class or seminar, this would often generate overtime, and the Fire Department has worked hard to manage this expense differently. There has been a change in operations in that they started approving training requests if it does not create overtime. Chief Bradley feels that the staff has done a great job staying within the budget. Vice Chairman Connolly noted that the

percentage of fire calls versus total calls is lower which is a good thing and makes for a safer community.

Selectman Christie would like to know what the Undesignated Reserve Fund would look like if they followed the policy of spreading the amount greater than 10% out over two years and that he would like to review this further at the last budget hearing.

Ambulance Fund

Ms. McClain stated that there is an appropriations increase of just under 3% by around \$19,000. In the Ambulance Fund, they allocate a certain percentage of their professional firefighting staff with a 50% fringe rate allocated to the Ambulance Fund. She noted that 10% of the Administrative Assistant's salary is allocated to the Ambulance Fund. Because they are assuming that the patient billings and collectibles will reflect the actual of the last couple of years, they have received some capacity to keep the per capita charge the same. The revenue sources come from billing the patients that they service, but the billing doesn't cover all costs of the Ambulance service. The per capita charge is based on the population of the areas served; Hanover, Norwich and Lyme. The change from the current year to the proposed per capita fee (\$22.81 to \$22.84) represents a negligible increase which is good news in the General Fund and to the Towns that are serviced. However, there is some uncertainty looking into the future with regard to the Medicare reimbursement.

Chief Bradley stated that he believes that they provide the best level of service for a reasonable amount of money.

Chairman Walsh wanted to discuss the 25% allocation of firefighting staff to the Ambulance Fund next year. Looking at the call statistics, it is almost as if the Town runs an Ambulance Department that fights fires and they need to understand that number and how to look at it each year rather than trying to estimate it each year.

Selectman Rassias asked about the Medicare reimbursement rates and whether this is State controlled. Ms. McClain stated that this is controlled federally. Ms. McClain noted that the State impacts will be seen on the County rates but the Federal Government determines how much a service is worth and the Town has to fill in the gaps. Ms. Griffin stated that the Medicaid reimbursement for the hospital is at the State level. Captain Hinsley noted that with the percentage of self pay insurance, Medicare and Medicaid patients, Medicaid is the smallest portion of the ambulance runs. Chairman Walsh would like to see the numbers broken down by payment source next year. He would like to watch these indicators over the next 5 years.

Vice Chairman Connolly asked about the Paratech airbags listed in the equipment line item and what these are specifically. Captain Hinsley reported that this is a durable bag that is inflated to help lift equipment. This equipment has a 10 year life, and the department's current equipment is about 15 years old. The cost of the replacement bags 15 years later is less than when they purchased them originally. Captain Thibeault noted that the capability of the new equipment is much better as well.

Captain Thibeault reported that the EMTs and Paramedics need to recertify every 2 years. They have no control over what year this recertification arises, but they are mindful of trying to smooth out the impact of these recertification costs. The number is high this year, but he has a 3 year plan to try to keep this level.

Vice Chairman Connolly asked how many paramedics the department has. Captain Hinsley reported 9. Captain Thibeault stated that another reason for the increase in the Professional Development line is due to moving the rescue specific classes from the Fire Fund to the Ambulance Fund since they directly affect the towns of Lyme and Norwich and they wanted their contributions to help offset those costs.

Chairman Walsh noted that Personnel Costs are down by .10% in the Ambulance Fund but in the Fire Fund they are up by 6% and asked why the 6% doesn't propagate through the year. Ms. McClain stated that this is because the 50% fringe rate is applied across the board instead of applying the actual cost of the benefits. Chairman Walsh asked why the 25% isn't on total compensation as opposed to on salary plus a percent. When looking at total compensation, they should look at this. Ms. Griffin clarified that he is considering looking at billing 25% of the total compensation in the Fire Fund to the Ambulance Fund. Chairman Walsh stated that he is convinced that they need to look at the structure of both of these funds. This might be something for a taskforce to look at.

Selectman Doherty asked about the Property & Liability Insurance increase. Ms. McClain stated that they updated the formula to more accurately allocate the cost. Ms. Griffin stated that the change in their allocation was based on the valuation of the equipment.

Selectman Rassias stated that the Undesignated Fund Balance is at 10.69% which is close to target. Chairman Walsh felt that they should review this and the hydrants on Thursday night.

Parking Fund

Ms. McClain reported that the total appropriation year to year shows a decrease by \$35,000 or 2%. This has to do with the smaller scope of the proposed work at the Parking Facility. There are no changes to the parking fees in the proposed budget. The reductions in the Advance Transit Downtown shuttle line item created some capacity to absorb the salary and benefits increases.

Lt. Patrick O'Neill introduced himself to the Board. He reported that they met with the Parking & Transportation Board last week and ran through the numbers for the Parking Fund. A few members thought that it was a sound budget. Bill Baschnagel is on the Parking & Transportation Board and is also present to speak to the Board. The Undesignated Funds were used for equipment replacement, membrane replacement and lighting. Selectman Christie noted that the Undesignated Fund Balance is not above 10% in this fund.

Chairman Walsh asked about the two other Capital Reserves which is different from the Undesignated Fund Balance. Ms. McClain reported that there is one Capital Reserve established by Town Meeting that requires Town Meeting approval for contributions or withdrawals and the

balance is \$536,000. Ms. McClain stated that the purpose was ratified in 2002 to allow this money to be used for the purchasing of vehicles and allow for major repairs and enhancements to the Parking Facility. A few years ago the Undesignated Fund Balance was growing and the Board voted to designate \$500,000 toward capital. This money was transferred on the accounting records into a sub-account of the Parking Fund Undesignated Fund Balance designated for capital and is in control of the Board. Ms. McClain referred to a footnote in the budget materials that states: "Anticipated balance of \$273,000 on books at 06/30/2012 in separate designated fund reserve within Parking Fund for future capital improvements."

Chairman Walsh asked about a schedule that shows the anticipated expenses for the \$500,000. Ms. McClain stated that they have listed two streams of funding for Parking Facility Improvements, kiosks, replacement of the parking vehicle, etc. Vice Chairman Connolly noted a transfer of \$2,600 to Capital Reserve. Ms. Griffin stated that this is reserved for future replacement of the Parking truck.

Vice Chairman Connolly stated that she hoped that when they talk about the Fund Balances, they mention all of these items. Ms. McClain stated that they would talk about the \$536,000 under the Capital Reserve Fund. Ms. Griffin noted that the schedule that they were reviewing shows the money that they could use to offset the Parking Fund budget and right now they are reserving at 5.06% which is under the range of 10%, but above the minimum of 5%. Ms. Griffin stated that the assumption has been that there may be improvements to the Parking Garage or peripheral lots which this money would be used for.

Vice Chairman Connolly asked about the membrane for the Parking Facility and asked when it would be finished and for how much. Lt. O'Neill stated that the money in the proposed budget will help to finish the project and there is a 5 to 6 year warranty. Ms. Griffin noted that the issue with the membrane has been frustrating as Frank Austin can attest.

Bill Baschnagel, Parking & Transportation Board, asked to speak to the Board about the Undesignated Fund Balance. He stated that he remembers when the \$500,000 in the Undesignated Fund Balance was set aside for capital projects, and the Board of Selectmen at the time discussed how it was to be used and he expressed his concern that it not be used for operating funds or routine maintenance. Instead, it was to be used for land acquisition for a future parking facility, etc. It was discussed whether it should be in the Capital Reserve or left in the Undesignated Fund Balance and the decision was made to partition it but less formally and this was to remain seed money for the next facility. There were discussions going on about buying property near the church in the back lot to make another parking facility.

Mr. Baschnagel stated that in the last year, \$42,000 was taken and applied to the maintenance of the facility. In this budget, there is another \$185,000 taken out to pay for the membrane and lighting. The remaining \$273,000 is what's left of the \$500,000 and he takes strong exception to using those funds for recurring expenses. He takes exception to using it for the membrane work, and the membrane continues to be a disaster. This is the second major replacement of the membrane. He doesn't believe the membrane will make it through the 5 year warranty. This money should not be used for these expenses and he wants the Board to put the money back in and build the fund back up to \$500,000. The money can come from the Capital Reserve Fund.

Mr. Baschnagel noted that they have not raised parking fees in 10 years and they could build the fund up with the additional revenue. Mr. Baschnagel stated that the Town will need money to build additional parking.

Mr. Baschnagel noted that the \$50,000 in last year's budget was left in the Advanced Transit Downtown Shuttle line-item to do something with the shuttle system that largely serves the employee population in town. There was a lot of work done under the Chamber and the Parking & Transportation Board's (PTB) guidance trying to put a mechanism into place to service employees. Having the \$50,000 created the basis for discussion and taking it out will make it go away. Mr. Baschnagel reported that the PTB continues to look at opportunities to make better use of leased spots after hours and to get the employees in a situation where they can work late and be comfortable getting to their car. It's a natural split between the Town and the employers but having the seed money to support an option is important for the discussions to take place.

Chairman Walsh stated that he remembered the conversations about this fund. Chairman Walsh asked Ms. McClain and Ms. Griffin why this money is coming out of the Undesignated Fund Balance. Ms. McClain stated that this was money that was available.

Selectman Christie stated that it appears that this has been done for a couple of years. Ms. Griffin stated that when they have reserves available they would rather tap into those funds rather than raise rates. Ms. Griffin doesn't see the LED lighting as an on-going maintenance project but an opportunity to realize savings and be more energy efficient. The membrane is definitely an on-going problem. Ms. Griffin stated that they have not raised the fees or rates in a very long time.

Chairman Walsh stated that there are two questions that come out of this; 1) whether to raise fees or rates and 2) which Capital Reserve the money should come out of. He looked at the \$500,000 Capital Reserve established by Town Meeting which looks like the fund that the membrane repairs should come out of. He noted that the membrane should come out of that fund in 5 years.

Ms. McClain stated that question is about the fundability of future parking facility planning and existing capital replacement. There wasn't a schedule for the planned replacement of the membrane until Frank Austin created one and they only had a couple of years to reserve for the replacement. The six figure deposit that was made of Undesignated Fund Balance to the Capital Reserve wasn't tied to any maintenance schedule. Ms. McClain stated that the future replacement of the membrane would come out of the Capital Reserve but they needed to replace it now and there are differing opinions regarding the appropriate use of each fund. The reserve for the membrane has only been done for a couple of years.

Bill Baschnagel stated that the funds were set aside for future opportunities and not for capital maintenance of portions of the current parking system. They would not have partitioned the funds if they were to be used for other expenses.

Chairman Walsh wanted to put this on the discussion list for Thursday night. He wanted to discuss the purposing of multiple Capital Reserve Fund and restructuring this between now and the next Town Meeting and the discussion of fees. Chairman Walsh stated that they are not

going to stop doing the membrane. He also acknowledged that losing the \$50,000 in the current budget to facilitate discussions with Downtown employers about employee parking is an operating question.

Bill Baschnagel stated that one of the challenges is how they might encourage restaurant workers who work in the evening to park their cars out of the Downtown and then how they would get back to their cars safely. Vice Chairman Connolly stated that there had been discussions in the past to have people park in the parking garage after hours. Mr. Baschnagel noted that the employees are unable to park in the parking garage when they arrive at work because there is nothing available.

Chairman Walsh stated that he wanted to consider the \$50,000 for the Downtown parking initiatives on Thursday. He wanted to defer the conversation about restructuring the capital reserves between this year's budget and next year's budget. Chairman Walsh stated that they set the rates at the response to recommendations from the PTB and could explore that further and would encourage Mr. Baschnagel's and the PTB's additional input.

Police

Ms. McClain reported that the Dispatch Center has an opportunity to pick up another community to service, and she wanted to add this to the list for further consideration on Thursday. The numbers that they are looking at are a potential influx of \$60,000 which would be offset by \$20,000 in labor, \$25,000 in equipment and \$15,000 in other expenses so it would be budget neutral in case this does not go through. Ms. Griffin stated that they did a similar thing when Canaan and Enfield came over. There was still some uncertainty whether these towns would come over and they added the revenue and offset the expenditures knowing that if for some reason the transition did not take place, it would have no impact on the operating budget.

Ms. McClain stated that there is a \$21,000 increase in net appropriations for the Police Department. She noted that the Dispatch Center is an area that Doug Hackett looks at very closely to make sure that they are sharing in the costs with other communities. The gross appropriation increase is due to the cruiser fleet replacement at \$193,000 which is fully funded from the Capital Reserve Fund.

Chief Giaccone stated that this is the 3rd year for the marked cruisers and they are up for replacement. Vice Chairman Connolly noted that the base cost is \$27,000 but with equipment it costs over \$40,000. It was her understanding that Ford was no longer going to be making cruisers.

Chief Giaccone stated that Ford is still going to be making cruisers and will be revamping their vehicles. They are going to market the Crown Vic specifically for police use which will be all wheel drive with flex fuel and it will be a V6 instead of a V8. Lt. Evans stated that it will be a smaller vehicle with a smaller engine which will have an increase of 20% in fuel mileage and 20% decrease in fuel emissions. Lt. Evans stated that pricing will not be released until April when the vehicles will be made available, so they have had to estimate the cost. Chairman

Walsh confirmed that the new cruisers will be the new improved versions and not the tail end of the last model.

Vice Chairman Connolly asked about the cost of the equipment. Lt. Evans stated that the majority of the cost increase is all vehicle related. They have routine replacement of lights, radios and things that they project out at a 9 year life on most of the equipment, and the maintenance plan also includes replacement of computers. Vice Chairman Connolly asked whether the computers can be moved from the old cruisers to the new cruisers. Lt. Evans stated that they work with IT on this and the department has stretched out a couple of the computers. There are a total of 6 mobile computers and they are only replacing the oldest 2 computers. Vice Chairman Connolly asked if the \$193,000 was a conservative estimate. Lt. Evans stated that they had to estimate high for this.

Selectman Rassias noted that the Ridgeline is up for replacement in 2014-2015. He asked if this was on a 6 year cycle. Lt. Evans stated that they could push this out to 6 years and possibly more. Selectman Rassias asked if they would need the Ridgeline less if the new cruisers are all wheel drive. Lt. Evans stated that this could be a factor.

Chairman Walsh intended on asking Frank Austin as to whether they should wait 6 months and expressed concerns about being early on a new car model. Lt. Evans stated that this is generally a Ford Taurus with enhancements and he had this conversation with Frank Austin and this car has been on the market for more than a year. Even though it's a first year police car, it has been on the road for a couple of years.

Selectman Rassias asked whether there was any competition in the market for police cars. Lt. Evans stated that Chevy and Dodge still make cruisers. Ms. Griffin stated that the Dodge has been problematic for other communities because it is not good in inclement weather.

Selectman Doherty asked about the replacement schedule. Ms. Griffin stated that the cruisers are replaced every 3 years and the unmarked vehicles are every 6.

Selectman Rassias asked about the 10% of Patrick's O'Neill's time being attributed to Community Outreach. Lt. O'Neill spends time at the Ray School teaching about prevention of underage drinking, how to call 911, speaking to Senior citizens about safety and fraud prevention.

Selectman Rassias asked about the patrol special line item "rent an officer" and wanted to make sure that what they charge for this includes contributions to the retirement system. Ms. Griffin confirmed that it does.

Chairman Walsh asked about the voice over internet and the promised reduction in telephone costs. Doug Hackett reported that they have to pay \$5,000/year for the cell modems for the towns that they dispatch for and this is billed to the Town. There are revenue savings in all the other departments and they are half way through the lease payment on the phone system which will free up \$25,000/year.

Ms. Griffin noted the list of communities that the Dispatch Center services. Selectman Rassias asked that if they are talking about adding more towns, is there a benefit? Mr. Hackett stated that they are in negotiations but his expectation is that they are looking to add a part time person for a period of time and that currently they have call volume issues from the hours of 3:00 p.m. to 7:00 p.m. Adding the call volume of this town, is approximately 2,900 calls/year but they already dispatch the ambulance to this community for 150 calls/year. The cost is \$20,000 and the cost to be billed to that community would be \$60,000. He anticipates a cost of \$15,000 to \$18,000 for the equipment to connect computers and radios. The years beyond the first year would provide a buffer.

Mr. Hackett noted that when the Dispatch Center took on Cornish for \$10,000 in revenue, \$5,000 went to property tax relief and \$5,000 went back toward the Capital Reserve Fund for the Dispatch Center. Hanover is paying \$120,000 out of the General Fund for the Dispatch Center and they could not find a fully functioning Dispatch Center to service Hanover alone for \$120,000.

Mr. Hackett reminded the Board that as of January 1, 2013 the FCC will require narrow band compliant radios. He is working on a grant for the voter receiver. If they don't receive the funding, the buffer from the anticipated revenue could fund the \$31,000 piece of equipment. Chairman Walsh asked about the requirement from the Federal Government. Mr. Hackett clarified that the feds have been telling them that they need to do this since 1992.

Selectman Doherty asked about the dispatch overtime. Mr. Hackett noted that this has been a very bad year for dispatch. In July a dispatcher was out due to injury after a car accident. Selectman Doherty asked if this was an exception. Mr. Hackett felt that it was just a particularly bad year. Selectman Doherty asked about whether the overtime could be decreased. Mr. Hackett mentioned that with the increase in the rate of pay but with the budgeted overtime dollars remaining constant, it decreased the number of hours that were available for overtime.

Chairman Walsh asked about the Juvenile Diversion program. Chief Giaccone stated that they now use the Upper Valley Youth Court program. Selectman Rassias asked whether this was successful. Chief Giaccone noted that with the switch to Youth Court they saw a drop in cases.

Chairman Walsh asked about trends in the statistics. Chief Giaccone noted that the classification of intoxication cases changed but there was an increase. Chairman Walsh would like a footnote added to reflect this.

Vice Chairman Connolly asked what the UCR stands for. Chief Giaccone stated that it was Uniform Crime Report.

Board of Selectmen/Town Manager/Administrative Services/Human Resources

Ms. McClain stated that the net appropriation went down by roughly \$28,000. This includes money that was previously set aside in last year's budget for the 250th celebration.

Selectman Rassias asked about the Town Report. Ms. Griffin reported that they ordered 1,000 reports last year but expect to decrease the print run to 600 this year; they only disseminated 400 last year. The new Town website will be up and running by the end of March or beginning of April and will provide an effective vehicle for getting the word out to residents that the Annual Reports are available. Last year they sent out postcards and 10 people requested copies and there were only 2 complaints that came to Chairman Walsh's attention. Ms. McClain stated that people came to the Town offices to pick them up and generally seemed satisfied that the Town didn't incur unnecessary cost mailing them to those who were not interested in receiving them.

Town Manager

Vice Chairman Connolly asked about the new Assistant Town Manager position and if it is included in this budget. Ms. Griffin stated that they budgeted for this position by using the former Human Resources Director salary that is in the proposed budget and Penny Hoisington will retire in November which will result in some savings there.

Administrative Services

Ms. McClain stated that the net appropriation shows an overall increase in support to the General Fund of \$9,500; there is a modest increase in motor vehicle registration fee revenue budgeted. There are no State or Federal elections next year so there was a savings in Election Worker salaries and related expenses.

Unallocated costs

Ms. McClain stated that the gross appropriation increased \$259,000 or 11% budget to budget due to health insurance and retirement system contributions. They continue to see dismal returns on short term investments and have reduced this budgeted revenue line-item by \$40,000. Ms. Griffin stated that in looking at the table of New Hampshire Retirement employer contribution rates in the budget binder from 2001 to 2011, the employee contribution has not changed but the employer contributions have increased dramatically.

Chairman Walsh would like to see a 5 year or 10 year total compensation number comparison. Ms. McClain stated that she has looked at this and she will put this information together for the Board.

Selectman Rassias asked about the chart on page 66 regarding total property taxes due. Ms. McClain stated that this chart depicts amounts that are delinquent as of December 31. Selectman Rassias asked whether this is an indicator of an economic downturn. Ms. McClain stated that she thinks it could be viewed that way, but in comparison with other communities, Hanover is extremely fortunate and has a very low property tax delinquent rate. They have looked at the composition of these properties but there is one property owner that is always late but there isn't a telling increase in the number of people who haven't paid their property taxes timely.

Chairman Walsh stated that Julia Griffin, Betsy McClain and Penny Hoisington have done a great job in putting the budget materials together. Selectman Christie noted that the Finance Committee was pleased as well.

3. RECOMMENDATION TO SET A PUBLIC HEARING ON MARCH 21, 2011 TO CONSIDER AN ORDINANCE PROHIBITING SMOKING ON TOWN PROPERTY.

Vice Chairman Connolly MOVED to Set a Public Hearing on March 21, 2011 to Consider an Ordinance Prohibiting Smoking on Town Property. Selectman Rassias SECONDED the motion.

Chairman Walsh noted that he would not be present for the hearing. Selectman Christie stated that he is not comfortable with the whole concept. Ms. Griffin stated that if this is to go forward, they need to be able to review this and revise it prior to Town Meeting for approval. The Town attorney noted that this would have the most teeth if it is approved at Town Meeting.

Selectman Christie votes against this ordinance. Selectman Doherty notes that she will also not be here for the hearing.

Ms. Griffin thought the Board supported this ordinance and she took it back to the Town attorney. Chairman Walsh didn't feel that it would make sense to have a 2 to 1 vote and go to Town Meeting. He would rather look at this in May and not rush through this. Selectman Christie doesn't see the upside to this issue and what the Board's role is.

THE BOARD VOTED UNANIMOUSLY AGAINST SETTING THE PUBLIC HEARING.

4. APPOINTMENTS:
- Conservation Commission

Selectman Rassias MOVED to appoint John Trummel to the Conservation Commission. Chairman Walsh SECONDED the motion.

Selectman Rassias stated that John is very active in Hanover and the local Sierra Club and most recently involved with evaluating the streetlights throughout town.

THE BOARD VOTED UNANIMOUSLY TO APPOINT JOHN TRUMMEL TO THE CONSERVATION COMMISSION.

5. APPROVAL OF MINUTES:
- February 7, 2011

Chairman Walsh MOVED to Approve the Minutes of February 7, 2011. Vice Chairman Connolly SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE MINUTES OF FEBRUARY 7, 2011.

6. ADMINISTRATIVE REPORTS.

Ms. Griffin had nothing new to report.

7. SELECTMEN'S REPORTS.

Peter Christie

Selectman Christie reported that the Finance Committee met and had good discussions about the Town Budget proposal and supports it.

Kate Connolly

Vice Chairman Connolly reported that the Planning Board met, reviewed some Zoning Amendments and endorsed some of them to be put on the Warrant. They rejected one regarding adding utilitarian space to an existing building without generating a parking requirement; the Planning Board felt that this item required further study. The Planning Board will be reviewing the addition to the Hanover Inn next week.

Judy Doherty

Selectman Doherty had nothing new to report.

Athos Rassias

Selectman Rassias had nothing new to report.

Brian Walsh

Chairman Walsh reported that the Sustainability Committee had a workshop last weekend. Ms. Griffin stated that it was not well attended but there was a hearty group of folks who participated on the snowy winter day.

8. OTHER BUSINESS.

There was no Other Business reported.

9. ADJOURNMENT.

Vice Chairman Connolly MOVED to Adjourn the Meeting. Selectman Doherty SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:05 P.M.

Respectfully Submitted,

Judith A. Doherty
Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

1. **Vice Chairman Connolly MOVED to Set a Public Hearing on March 21, 2011 to Consider an Ordinance Prohibiting Smoking on Town Property. Selectman Rassias SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY AGAINST SETTING THE PUBLIC HEARING.

2. **Selectman Rassias MOVED to appoint John Trummel to the Conservation Commission. Chairman Walsh SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO APPOINT JOHN TRUMMEL TO THE CONSERVATION COMMISSION.

- 3. Chairman Walsh MOVED to Approve the Minutes of February 7, 2011. Vice Chairman Connolly SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE MINUTES OF FEBRUARY 7, 2011.

- 4. Vice Chairman Connolly MOVED to Adjourn the Meeting. Selectman Doherty SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:05 P.M.