

FINAL

BOARD OF SELECTMEN'S MEETING

March 1, 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 Selectman Judith Doherty. 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.

Selectman Doherty called the meeting to order and asked for Public Comment. There were no comments from the public.

2. 2nd BUDGET HEARING:

Public Works

Ms. McClain reported that the Public Works Department is one of the larger departments in the General Fund. There is a proposed increase in gross appropriations in the amount of \$900,000 with an additional \$700,000 set aside in the Outside Projects section of their budget for the Lebanon Street improvements which would have offsetting revenue to fund this expenditure. There is also an additional \$146,000 for fleet replacement which would come out of the capital reserve. There is also a proposed increase in capital projects expenditures of \$54,000 to include the bike lane and sidewalk work along stretches of Park Street, and the remaining \$50,000 consists of additional fuel costs and salary adjustments. The Inventory Control Clerk position was reorganized from DPW Administration into the Fleet section of the budget. The Building Superintendent position was upgraded to require more technical building system skills and this change has been a real asset resulting in some savings on system testing and cleaning in the proposed budget.

Selectman Doherty asked Peter Kulbacki if he had any additional comments. Mr. Kulbacki had nothing else to add but would answer any questions of the Board.

Chairman Walsh stated that he tried to follow the money required to pay for the paving program including catching up. Mr. Kulbacki stated that the price is up again and they may need to shuffle some things to absorb the impact of the paving price increase in the proposed budget number. Mr. Kulbacki reported that the roads in Hanover are in pretty good shape compared to other communities. Ms. Griffin stated that she tried to resist cutting so much from the departments to meet the tax rate target. Ms. Griffin reported that the paving budget, winter materials budget and gravel roads project are fairly large and she consciously resisted the urge to cut as much as in prior years. There are additional cuts on the list if the Board wants to get the rate to zero.

Selectman Rassias hopes that people understand that the Town is saving money by spending money. Mr. Kulbacki stated that you can get away with putting deferring road maintenance for a while but then it costs much more later on to keep the road in a certain condition. Mr. Kulbacki stated that the level of service and new paving techniques can prolong the life of the paving. Mr. Kulbacki stated that the shim pave program allowed for some savings in the less frequently traveled roads.

Ms. Griffin stated that she is concerned about the paving budget if there are significant increases in oil prices. This hits both the paving budget and the fuel budget. Mr. Kulbacki stated that every time the price of fuel goes up, the price of paving goes up. However, these two commodities appear linked in only one direction: when the price of fuel would go down, the price of paving never did.

Chairman Walsh asked about the replacement of the 24 year old Fire Engine (Engine 3) scheduled to be replaced next year. Ms. McClain stated that this is scheduled to be replaced in 2014. Frank Austin reported that Engine 3 is a 1986 International chassis with a fire body in the back. The issue is that it has a steel body with steel running boards and the structural part is rotting through. The repair is structural instead of cosmetic but it will get them by for the next 4 or 5 years. Chairman Walsh noted that this is the next large apparatus to be replaced so it flagged this fleet maintenance item for him. Ms. Griffin stated that these repairs may also extend the life beyond the intended replacement in 2014.

Chairman Walsh asked about the reduction for the Town's gardens. Ms. Griffin stated that they are okay for this summer, but they have lost half of the Improvement Society contribution (from \$20,000 to \$10,000). There have been preliminary discussions as to what would get dropped from the Grounds maintenance routine. Ms. Griffin stated that this summer the Garden Club has agreed to take over the hanging baskets that hang from the lampposts. Ms. Griffin stated that they will come back before the Board on this issue before the summer of 2012.

Selectman Rassias asked about withdrawals from the Transportation Improvement Fund. Ms. McClain reported that this money is replenished each year from the \$5.00 additional local fee to register vehicles so this is a fairly consistent \$35,000 stream of money into the fund every year. Some people have complained that they have to pay for this when they register their cars. This is funding the majority of the Park Street improvements.

Chairman Walsh noted that recycling was reduced from \$161,000 to \$130,000. Mr. Kulbacki stated that this was after renegotiating with Northeast Waste. Ms. Griffin stated that this came as the result of considering taking the operations in-house and Northeast Waste not wanting to lose the Town as a client.

Town Properties

Ms. McClain reported that the efforts of the Town's energy savings initiatives are starting to bear fruit in the budget especially on the utility side. The Town is also seeing savings on the telecom side after consolidating the phone system to a single IP switch. Ms. McClain noted that there is the first proposed draw from the Building Improvement Capital Reserve Fund for the

replacement of the Public Works facility roof for which they anticipate a savings in energy. There is also a smaller amount drawn from the Capital Reserve for the Police Department HVAC system.

Selectman Doherty asked Frank Austin if there was anything else that he wanted to add. Mr. Austin was available for questions.

Chairman Walsh asked about the money that they are putting into the Richard W. Black Community and Senior Center. He feels that this building and the Howe Library are creating expenses and because they are newer buildings, it seems like it shouldn't be costing so much.

Mr. Austin reported that they are 6 years into the Community Center and there is a lot of usage there. He has tried to be more proactive to get the buildings up to speed versus waiting until there is something catastrophic that needs to be replaced. He is also looking at ways to make improvements toward energy efficiency that may not have been implemented when it was being built.

Ms. Griffin noted that there is a \$5,000 expenditure for the siding at the R.W. Black Center; the building is sided with a concrete material ("hardy plank") but there is one area at the rear entrance where the water drains off the building and the material isn't holding up. Mr. Austin stated that they are looking at reinforcing that area with the hope that they won't need to continue to replace the planks and paint it each year.

Ms. Griffin is hoping that there will be a energy reduction with the interior light improvements to the Black Center. Ms. Griffin noted that they won't know the specific savings until they have 12 or 18 months behind them. Ms. Griffin noted that there is a constant battle with the heat in that building. Mr. Austin stated that they are working on this issue. They are going to look at adding controls to the boiler.

Ms. Griffin noted that for the Howe Library, the numbers are coming down for electricity and heat. Ms. Griffin pointed out that Frank Austin spent a lot of time working with the contractors to take care of the issues surrounding the HVAC system and the Howe Corporation is taking over the costs associated with that.

Selectman Rassias asked how old the ornamental streetlights are because they are being budgeted for replacement. Mr. Kulbacki stated that they were put in place in the early '90s. They are cast iron and steel and don't hold up to the elements. They will replace them with aluminum. Vice Chairman Connolly asked if aluminum was strong enough. Mr. Kulbacki stated that the aluminum streetlights are more resistant to the elements. Mr. Kulbacki noted that all of 79 streetlight lamps have been changed to LED and they are looking at the lights on South Street as well. Ms. Griffin noted that there is a great improvement in the lighting in the back parking lot now. Selectman Rassias noted that the parking garage has had some good changes in lighting. Mr. Austin stated that there were more that would be replaced there.

Ms. Griffin stated that there will be an additional contribution of \$2,100 towards increased facility costs from the Howe Corporation to be open on summer Sundays. Vice Chairman

Connolly asked about the increase in the electricity from the prior year. Ms. McClain said that this line-item was increased for the Howe Library being now opened on Sundays during the summer.

Chairman Walsh stated that in looking at the history of the buildings, if constructing a new building comes up, there need to be real conversations about what the Town invests in the operating costs and not just the building costs. Ms. Griffin noted that if the Howe Library had been a town project, they would have handled the HVAC issue differently.

Vice Chairman Connolly asked about upcoming projects and noted that there was nothing regarding adding insulation to Town Hall. Mr. Austin stated that it is but it is a big project. Because of the brick, they need to either build it in from the inside or add to the outside. From a fuel standpoint, Town Hall is more manageable than some of the other buildings. Ms. Griffin stated that Frank Austin determined that replacing the roof at DPW would give the Town more bang for the buck. Vice Chairman Connolly asked if all of the windows were going to be done at Town Hall. Mr. Austin stated that all of them had already been replaced with more energy efficient windows.

Selectman Rassias noted that there is huge electricity improvement at almost 19% in streetlights. Mr. Kulbacki stated that this was the change in mercury vapor lights to high pressure sodium done by National Grid but with input from him. Mr. Kulbacki gave testimony to the Public Utilities Commission (PUC) about LED lighting and National Grid said it is not efficient, and the technology was not mature enough to consider LED as a streetlighting option. Ms. Griffin noted that Hanover was the only community that appeared before the PUC to underscore the need for more economic and environmental streetlighting options.

Selectman Rassias noted that the kilowatt usage of streetlights is a huge part of the total usage in Town. Mr. Kulbacki stated that they have started tracking kilowatt usage on lights to compare before and after which they will have going forward. Ms. Griffin stated that they will use this for National Grid or Algonquin. Chairman Walsh feels that they will see a bigger savings next year and he wants to keep track of the numbers to make the public aware of the savings.

Chairman Walsh asked about the use of propane at the Howe Library and why it is increasing. Mr. Austin stated that the only use of propane at the Library is the fireplace. During the process of changing propane companies, they ended up using two tanks for a short period of time. He also noted that the usage depends on how often it gets turned up.

Ms. Griffin stated that she is looking forward to looking at future trends at the Water Reclamation Facility. It will take at least another two years to see the positive benefits of energy efficiency improvements at the plant.

Vice Chairman Connolly wanted to make sure that it is explained that they will be using the methane product of the wastewater treatment process as fuel. Mr. Kulbacki stated that the methane emissions will be reduced. Ms. Griffin stated that when the project is done, it will be clear how far the Town has come with regards to energy efficiency and carbon footprint reduction.

Water Reclamation Sewer Fund

Ms. McClain reported that there are significant capital projects underway at the Water Reclamation Facility therefore the year-to-year gross appropriations will be reduced by \$2 million which was budgeted for in FY2011. Ms. McClain reported that with the good work of Peter Kulbacki, Kevin McLean and their colleagues, they have saved \$40,000/year after working with Mark Morgan of the City of Lebanon Landfill to dispose of the Town's sludge at their local facility instead of trucking it to Maine.

Selectman Christie asked about the American Recovery Reinvestment Act (ARRA) projects noted in the budget text. Mr. Kulbacki stated that the blowers and the pump station upgrades qualified for 50% loan forgiveness and will be energy saving. Both projects are nearing completion.

Mr. Kulbacki reported that Pump Station 5 was put in place back in the 60's which had three 40 horsepower pumps but they now have a new generator. The blowers will create a bigger savings because this was the biggest energy draw of the system. Thursday there will be a pre-bid meeting with 6 contractors and by the end of March, beginning of April, they will have a number to work with. The funding was put in place 3 years ago and they usually have to deal with increasing costs but for this the costs have gone down a little. It will be 2013 before the work is done because this is an operating system and has to be replaced systematically.

Chairman Walsh asked if the Town can take time off from these types of projects when this project is done. Mr. Kulbacki stated that it matters whether permitting requirements change. Mr. Kulbacki stated that on the seacoast, there is pushback to challenge the EPA and the State on more stringent requirements for securing a treatment plant permit. Mr. Kulbacki stated that there are some old pump stations near the Ledyard Bridge that might require some upgrades. Ms. Griffin stated that the bottom line is that they should be able to take some time off from these types of projects, but federal and state guidelines may change making certain improvements inevitable. They will continue to monitor and learn from what is happening surrounding communities.

Selectman Christie noted that it seems like some money was moved around to take advantage of the grants. Mr. Kulbacki stated that by getting two projects listed as part of ARRA projects, the funding they gave was enough to upgrade the pump station without increasing the budget. The \$700,000 was the funding eligible through ARRA funding; half of it is loan forgiveness up front but it doesn't change the bottom line in what they are spending. Mr. Kulbacki stated that they are hoping that the bids come in within these terms.

Selectman Christie reiterated that the original budget estimates are slightly under what they potentially needed and then the scope of the project grew but now they need to deal with the shortfall. Mr. Kulbacki is cautiously optimistic that they may pay back less money because of the ARRA forgiveness money. Ms. Griffin stated that with the fixed amount of money they can do more than they thought they could do; the prices have come down due to the recession and the thought is that they would be better off than if the ARRA funds didn't exist. Ms. Griffin stated

that the long-term concern is whether they have to worry about permitting requirements regarding nitrogen and phosphorus removal.

Vice Chairman Connolly noted that phosphorus has been removed from dishwashing liquid and other detergents. She noted that the projected fuel price is lower than last year. Mr. Kulbacki stated that the budget last year was higher than what they actually paid. Ms. Griffin stated that this is anyone's guess.

Ms. McClain stated that the change from an annual sewer bill to a quarterly combined sewer and water billing is going really well and for the first time, the proposed Wastewater Treatment Facility reflects year-to-date customer billings.

Vice Chairman Connolly noted that the Property & Liability Insurance is quite high. Ms. McClain noted that the increased value in the treatment plant equipment is driving a higher replacement cost that results in a higher premium.

Chairman Walsh asked about the total debt amount that they are going to owe on the plant. Ms. McClain stated that she would put a schedule together for the Board. Ms. McClain noted that the New Hampshire Bond Bank exempts indebtedness of the sewer and water funds when considering whether a municipality has exceeded its debt cap.

Water Utility

Ms. McClain reported that there is no proposed change in the water rates in this budget. They will be looking at the full range of water usage rates as the hydrant task force work unfolds. The integration of the Water Utility Fund has been very successful. The Town is ahead of the projected savings in the areas of audit and insurance costs. Ms. McClain stated that now that water utility rates are no longer regulated by the NH Public Utilities Commission, John Dumas, Peter Kulbacki and Don Ware have established new water rates that are tied directly to the beneficiary (vs. shared by all ratepayers), including a new water service connection fee.

Selectman Christie noted that they were able to establish \$113,000 in reserve in the second year of operation. Chairman Walsh asked about the Equipment Reserve Contribution and because it's relative to the plant and distribution lines, he would like the official name of the capital reserve fund to reflect this.

Chairman Walsh asked whether the private hydrant rental would go away. Ms. McClain stated that in the past, the Water Company would present a bill to the Fire Fund in the amount of \$650,000 and then the Town would bill each private hydrant owner their portion. Come July 1, it seemed that it should be done differently so the \$74,000 in revenue is billing that is being done by the Water Utility Fund to private hydrant owners as part of their water bill.

Chairman Walsh asked if someone who had a private hydrant wouldn't receive a bill under the proposed budget. Ms. McClain stated that there would still be a bill but it would be smaller. Ms. Griffin stated that this was part of a previous discussion with residents who maintain their own

private drive. The issue was really the private hydrant that was the issue and not the private road so this is on the list for Thursday night's discussion.

Selectman Christie asked for a visual of the money related to fire hydrant charges coming in and the money going out for Thursday night's discussion.

Chairman Walsh asks about the decrease in charges to other departments. Ms. Griffin stated that this was from the one time transaction/legal fees involved in the acquisition.

Capital Improvement Projects

Ms. McClain reported that the proposed transfers out of Capital Reserve Funds to finance capital projects are going down by \$1.1 million, due to the wastewater treatment plant improvements budgeted for in the current year's budget. Total transfers into the various Capital Reserve Funds last year were \$1.1 million, of which over \$500,000 was transferred Sewer Equipment and Facilities Capital Reserve Fund. In the proposed budget, total transfers into the various Capital Reserve Funds total \$823,475, including a first-time transfer in a Water Utility Treatment, Distribution and Other Equipment Capital Reserve Fund.. The Board will need to have an article on this year's Town Meeting warrant to create the Water Utility Capital Reserve Fund.

Vice Chairman Connolly asked about the money to replace the cruisers. The Town used to replace the cruisers very 4 or 5 years. Ms. Griffin stated that it's been every 3 years since she's been here. Vice Chairman Connolly reported that they used to go longer and now since the price has gone up to \$48,000 per cruiser, perhaps they should stretch the replacement cycle out another 1 or 2 years. This is a huge elevation in cost and the quality of vehicles has improved, perhaps making them longer-lived.

Ms. Griffin stated that the cost of the 4 cruisers without accessories is a total of \$108,000. Then they needed to deposit into the equipment reserve the cost of the laptop computers, light bars and all of the other accessories that are purchased. Previously they budgeted for it in the operating budget but this is now taken out of the reserve. This is why the budget line item appears larger than in the past. Vice Chairman Connolly stated that they are replacing \$48,000 for each patrol cruiser every 3 years. Ms. Griffin stated that they budget for the equipment to be replaced on a regular schedule, but they make the determination as to when the equipment actually needs to be replaced based upon a number of factors.

Mr. Austin stated that he was not aware of the thought process before the 3 year replacement plan was put into place. The issue comes down to dependability and the man hours that they are able to put into the repairs and maintenance. He noted that the vehicle replacement is every 3 years and the accessory vehicular equipment (light bars, etc.) has been running every 6. The vehicles had been \$20,000 each in past years but they are now looking at all wheel drive vehicles. Mr. Austin stated that they also look at selling the current vehicles at \$5,000 to \$7,000. Mr. Austin stated that they divide the cost of the cruiser per year so if they can weigh the replacement cost against the maintenance costs and the man hours. They also have to consider the larger repairs such as putting a transmission into it that costs \$3,000 to \$4,000 plus the down time. Mr. Austin stated that his goal is to replace the vehicles before they need to put major

money into it to keep the vehicle running. If it's going to cost \$6,000 to fix that vehicle, he needs to assess at what point they are better off selling it and replacing it.

Vice Chairman Connolly asked if this is still the rationale and are the vehicles falling apart in the 3rd or 4th year. Mr. Austin stated that they have kept vehicles longer but it is the known versus the unknown. Mr. Austin stated that they are in line with other municipalities' replacement schedules. Vice Chairman Connolly would like to see the replacement schedule extended with one or two of the cars to see if it would last.

Ms. Griffin noted that there may be a benefit to a bulk purchase. Mr. Austin stated that they are given a State price and if they keep the vehicle an extra couple of years, they could have a \$4,000 maintenance cost with 2 ½ mechanics working on the equipment. Mr. Austin can't say that the cruiser can't make it another year, but it is a question of dependability and how much it will cost to keep that vehicle in operation. Mr. Austin stated that at 3 years, the cars have over 120,000 miles running 24/7, with the bulk being in-Town mileage. Ms. Griffin stated that with the new Idle Right technology, it will be interesting to see the impact on the engine. Mr. Austin noted that idling wear and tear is not something that they track right now but that's on top of the 119,000 miles.

Selectman Doherty stated that they are looking at the total cost of ownership. The initial outlay is only for the cost of the vehicle but she would like to see the context of the total cost of ownership. Mr. Austin noted that there is a cost of ownership as far as parts and labor and they go past the warranty of 36,000 miles in the first year. Mr. Austin stated that his own personal vehicle is 5 years old and isn't in the shop half as much as these vehicles.

Selectman Doherty invited Barbara McIlroy to speak to the Board. She stated that she is pleased to hear this discussion. She spoke to someone in Lebanon who had made a statement that Lebanon keeps their vehicles until the wheels fall off. She then met with Len Jarvi who told her that the Lebanon Police Department leases their vehicles on a 2 year lease. Ms. Griffin stated that she believes they must do a lease purchase agreement but she will ask them.

Mr. Austin stated that Hanover used to do a lease purchase. The interest being paid on top of the cost of the vehicles made a bulk purchase more sensible for our situation. Ms. Griffin stated that she is not sure how Lebanon reserves for their purchases.

Chairman Walsh would like to see footnotes as to what has changed in the anticipated replacement schedule for equipment for next year's budget presentation; if the equipment was moved out for a year, a note to that fact would be useful.

Chairman Walsh asked about the bridge replacement schedule and noted that they started with 4 red-listed bridges on Ruddsboro Road. Chairman Walsh noted that there is one on River Road and wanted to know which ones are currently red-listed. Mr. Kulbacki stated that the last Ruddsboro Road bridge and the River Road bridge are the last two that are red-listed. Chairman Walsh wanted to clarify if the other bridge replacements are preventative. Mr. Kulbacki stated that the standards could change but they are trying to be preventative. There are some changes in stream crossing definitions to protect the health of streams which will change some of this and

create additional cost on more substantial culverts, etc. Chairman Walsh asked about Wolfeboro Road at Goose Pond. Mr. Kulbacki showed the area on the map for the benefit of the Board.

Chairman Walsh noted that they put the bridge replacement capital reserve program in place because there was a danger with red-listed bridges, and the program has now shifted to have a preventative focus. The contribution to the Bridge Replacement and Renovation Capital Reserve Fund is built into the budget at \$40,000/year. His concern is that the Board remains conscious of this shift in focus, and he doesn't think that other towns are doing this. Mr. Kulbacki stated that there are some towns that are actually closing bridges because they can't afford to maintain them adequately.

Ms. Griffin stated that the thinking is that they have 22 bridges in Town and just as they reserve funds for repaving, they need to set aside funds to handle the capital maintenance of these bridges. Thankfully, the Town had the established reserve to handle the River Road bridge emergency.

Selectman Christie stated that it appears that after 2014, the reserves are modest and thus more of a pay as you go system. Chairman Walsh has concerns about the pace of the replacement schedule and the expected life of the bridges.

Ms. Griffin stated that the establishment of the Building Maintenance and Improvement Capital Reserve Fund has helped Frank Austin to stay on top of scheduled building improvements.

Chairman Walsh noted that the Building and Improvement Capital Fund will be \$100,000 behind in 2014 and he thinks that stretching out the bridge replacement reserve would be a good place to look to try to boost the level of contribution to the building capital reserve fund.

Chairman Walsh noted that there used to be a software reserve fund that is listed under Howe Library Building Repair and Equipment Capital Reserve Fund which has \$9,000 that should probably be put somewhere else. Ms. Griffin stated that this was created to pay for innovative upgrades (which was the former information management system for the library). Now, this money is sitting there for building purposes. Chairman Walsh asked if there could be a project that they could use the \$9,000 for at the Howe and then have Town Meeting move this fund into another area.

Mr. Austin noted that they will need new carpeting in the building. Mr. Austin stated that it is going to be a huge undertaking to replace and/or patch the carpeting in the Library. It was noted that they could collapse these funds into the Building Maintenance Fund.

Chairman Walsh wanted the Town to have a conversation with the Howe Corporation and Howe staff that these funds are being proposed to move to the Building Maintenance and Improvement Capital Reserve Fund. Ms. Griffin stated that this is money that the Town had contributed to the reserve apart from the Howe Corporation.

Vice Chairman Connolly asked why the Howe Library needs a new roof. Mr. Austin stated that it is the roof on the old section of the building.

Selectman Rassias asked about the year end balance for the Parking Facilities Improvements Capital Reserve Fund and why it never drops that far. Ms. McClain stated that several hundred thousand dollars was put into the reserve (as mentioned by Bill Baschnagel) and this is an item on the list for further discussion as to whether this should be held in the event of some expansion to the parking system. Chairman Walsh stated that they will also be working on the rationale behind all of the Parking Fund reserves.

Vice Chairman Connolly asked about the air conditioning unit for the Parking Garage. Mr. Austin stated that the attendant's booth has a single roof-mounted air conditioning unit.

3. ADMINISTRATIVE REPORTS.

Ms. Griffin had nothing new to report.

4. SELECTMEN'S REPORTS.

The Board members did not have anything new to report.

5. OTHER BUSINESS.

There was no Other Business reported.

6. ADJOURNMENT.

Vice Chairman Connolly MOVED to adjourn the meeting. Chairman Walsh SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:10 P.M.

Respectfully Submitted,

Judith A. Doherty
Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

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

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:10 P.M.