

FINAL

BOARD OF SELECTMEN'S MEETING

February 27, 2013

7:00 P.M. – MUNICIPAL OFFICE BUILDING – HANOVER, NH

The meeting of the Board of Selectmen was called to order at 7:00 p.m. by Chairman Peter Christie. Present were: Peter Christie, Chairman; Athos Rassias, Vice Chairman; Bill Geraghty, Selectman; Nancy Carter, Selectman; Jay Buckey, Selectman; and Julia Griffin, Town Manager.

1. PUBLIC COMMENT.

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

2. 2ND BUDGET HEARING:

- Public Works
- Capital Improvements Projects
- Town Properties
- Water Reclamation – Sewer Fund
- Water Utility Fund

Chairman Christie stated that he wanted to recap some of the information about the Parking Fund. He stated that the more that he looked at the budget presentation the more he felt that this needs further consideration before moving forward. Chairman Christie expressed concerns about the fee structure supporting all of the capital expenditures in one year and it doesn't answer questions as to what happens in year 2, 3, and 4. Chairman Christie appreciated Selectman Carter's concerns about how this is to be presented to the Town. He stated that he did speak with Bill Baschnagel about his concerns as well.

Ms. Griffin stated that she wanted to speak to Lt. O'Neill tomorrow about a natural implementation plan if the community agreed with the upgrade in technology and not necessarily work toward a July 1st date. The challenge is that they can't begin to generate the revenue until the technology is in place so part of the discussion would include how this would work if they were to draw from the reserves.

Chairman Christie felt that they should discuss items that would have to be done independently such as carpooling and current equipment replacement.

Selectman Carter noted that the passes for the garage would be a very low tech change. Ms. Griffin stated that this was low hanging fruit that could be implemented by July 1; some of the other changes would be dependent on technology upgrades.

Chairman Christie expressed concern about filling the garage and isn't sure that it is the right thing to do. Ms. Griffin stated that in the study, the numbers being considered are reflective of those that use the garage on a sporadic basis for short periods of time.

Vice Chairman Rassias asked about the process going forward for the Parking Study plan. Ms. Griffin stated that currently they are being driven by the budget deadline because there is a window of opportunity now or they would need to wait a year. Ms. Griffin also noted that not everyone is going to want to see the parking rates increase. Vice Chairman Rassias asked if there was anything in the plan that was an obvious piece to tackle. Ms. Griffin stated that the piece regarding meter replacement is probably the priority.

Selectman Buckey felt that the changes to the parking with the High School kids and the spaces on Hovey Lane would create a large discussion and they would not be able to make the changes in the time that is left. Chairman Christie felt that the Board's questions alone are indicative of the fact that they are not ready to move forward with this.

Ms. Griffin stated that there are some efforts that they could focus on but other items that will require authorization to appropriate funds for the equipment.

Public Works

Chairman Christie invited Peter Kulbacki, Public Works Director, to approach the Board and noted that he wanted to discuss the following items:

- Sidewalks
- Paving Budget
- Adequacy of Capital Reserve Funds
- Traffic Signals
- Crosswalk Lighting

Peter Kulbacki stated that other than paving and sidewalks, the budget is pretty much status quo. There are no large Capital Improvement Projects in this year's budget. He noted that the Department of Public Works (DPW) has additional work to do at the Etna Library which was part of this year's budget; next year there are more maintenance issues and other expenditures.

Vice Chairman Rassias asked about the DPW staffing situation. Mr. Kulbacki stated that they have some openings after two people died and another person took a medical retirement. There is also an anticipated custodial position. Mr. Kulbacki stated that some of the billing functions have been sent back to the Finance Department to help out.

Mr. Kulbacki stated that a few years ago the cost for asphalt was \$35/ton but when the fuel rates increased, the paving costs increased as well. He noted that the cost is now around \$80/ton. Mr. Kulbacki stated that the Town used to average 6,635 tons of paving/year. He noted that there were shim paved and paved streets; overlay streets had a good base so they could be paved once every 10 years and they were done whether they needed it or not.

Mr. Kulbacki stated that the shim paved streets needed to be paved more often because they did not have a great base (for example, Hanover Center Road and roads in the Blueberry Hill area). This is the way the paving program ran from 1974 to 2007. The paving program is the largest line item in the budget. The paving price was doubling quickly so although they could choose to

do less paving, they would not see a savings. The current program is in place to determine how the streets are being used and how often they should be paved. Mr. Kulbacki stated that one loaded truck at 80,000 lbs is comparable to having 10,000 cars travelling on the street which is why they post roads. Mr. Kulbacki stated that streets are designated as arterial streets, thru streets, and neighborhood streets.

Mr. Kulbacki noted that they changed the amount of time that is lapsed before re-paving so the arterial roads stayed at 10 years; shim paved stayed at 10 year; connector streets went to 14 years; thru neighborhood streets went to 18 years and the dead-end streets went to 18 years. Mr. Kulbacki stated that 18 year intervals are really pushing the limit. This is where they see problems with the side streets as they break up. Maintaining the streets saves on wear and tear with equipment as well.

Mr. Kulbacki stated that the traffic levels for arterial streets have increased so much that the paving levels aren't enough. They can phase the changes in over the next couple of years so that they can get to the point where the roads last longer. There is also a reclaim and rebuild option but it takes 3 inches of pavement instead of 1 inch which costs more.

Mr. Kulbacki recommended that they pave arterials every 8 years; keep the shim pave at 6 years; connector streets would go back to 10 years; thru streets at 12 years and dead end streets at 14 years.

Ms. Griffin stated that they would like to do the transition in the first year but this was not possible; they need to find an additional \$40,000 above this year's proposed budget to fully fund the optimal paving schedule. Ms. Griffin noted that the paving budget was \$471,465 and if they added \$40,000 it would bring the amount to \$510,240. Chairman Christie noted that \$30,000 is being added to the proposed budget this year.

Selectman Buckey asked for if there are liability issues with poorly maintained roads. Mr. Kulbacki stated there are examples of poorly maintained roads as you drive around and noted that other communities will lower the speed limit on roads that become unsafe. He noted that towns will also patch rough areas on roadways for longer periods of time until they can be replaced. Mr. Kulbacki stated that there is a little flexibility in the law because there is only so much money in the budgets to address the issues.

Ms. Griffin stated that the Town is liable if they are alerted or determine a hazardous situation; the Town has a duty to repair it or restrict access to the roadway within 72 hours.

Selectman Buckey asked if there were any advances in paving materials. Mr. Kulbacki stated that there are some reclaimed materials being used which helps to keep the cost down. Mr. Kulbacki stated that they have used reclaimed materials on streets in Hanover including Lebanon Street. There are options that are more expensive than the raw paving material. There are limitations with getting access to the materials.

Chairman Christie clarified that the budget calls for \$30,000 this year and \$20,000 for the next 2 years for the paving program.

Vice Chairman Rassias asked about the drop in the line item from 2010 where the amount was decreased from \$800,000 to \$200,000 in 2011. Ms. Griffin noted that they had been budgeting for the Lebanon Street undergrounding but then it was handled in a different way.

Mr. Kulbacki provided the Board with the list of bridges that have been “red listed” and noted that this list includes: Ruddsboro Road (west of Chandler Road), Hanover Center Road at Thompson Road and Ruddsboro Road near Old Dana Road. Mr. Kulbacki noted that a designation of “4” will put the bridge on the red list and if it ranks a “3” the bridge will be shut down.

Mr. Kulbacki stated that critical and imminent conditions are levels that they will never let the bridges get to. Mr. Kulbacki noted that heavy trucks are not allowed on bridges that are designated as a “4.” Chairman Christie noted that there are a lot of bridges that have been designated as a “5.” Mr. Kulbacki stated that there are a lot of bridges that will remain at a level “5” for another 10 to 15 years.

Mr. Kulbacki stated that they planned to address the issues with the bridge on Ruddsboro Road but they ended up having to deal with the retaining wall first. There were wetlands permits that lapsed because they did not have the funds for the replacement. Mr. Kulbacki noted that the legislature changed regulations regarding stream crossing which increased the costs of repair. He noted that it took 9 months to get the permit approval but it will only take 1 month to complete the work.

Ms. Griffin stated that they are budgeting to repair 2 of the 3 red listed bridges. Chairman Christie clarified that the funds would be coming out of the reserve. Mr. Kulbacki stated that the Hanover Center Road Bridge can be patched to buy some time.

Ms. McClain noted that the contribution to the reserve was increased. Ms. Griffin pointed out that the schedule shows that by 2019 they will be short \$7,100. Chairman Christie noted that the numbers can be managed.

Selectman Geraghty noted that the 3rd bridge is okay until 2016 when it will receive a total replacement at a large expense.

Ms. Griffin stated that if Town Meeting approves the budget they would appropriate the \$67,705 already budgeted with the \$12,200 to come up with the full cost for the Ruddsboro Road Bridge in addition to expending \$25,000 on a short term fix for the Hanover Center Bridge which will last 8 to 10 years.

Vice Chairman Rassias asked if the bridge could really last that long. Mr. Kulbacki stated that the damage is mostly cosmetic. It is on a State road and was hit by the State plow and damaged. Mr. Kulbacki stated that at some point all of the stonework will need to be re-done but it is a historic bridge and there maybe bridge aid money which they will look into. The process for bridge aid is complicated and there is an added cost. Mr. Kulbacki stated that sometimes the

costs are greater than the amount they would receive so they would be better off to just do the project themselves.

Mr. Kulbacki stated that also proposed in the budget is the addition of a sidewalk on Verona Ave. This proposal does not include the costs for maintenance. The increase has to do with the materials that they use for de-icing because they use a different material other than rock salt for sidewalks. Mr. Kulbacki noted that they use a landscaper's blend which is safer for the trees and better for the concrete.

Mr. Kulbacki stated that they have been using more material to reduce the amount of plowing that needs to be done. He noted that it is a struggle now to get through all of the sidewalks in a storm or when there are icy conditions. Mr. Kulbacki stated that they may need to contract out to handle the sidewalks. If they were to add additional staff and equipment, they could add 8 to 9 miles of sidewalks.

Chairman Christie asked about the impact on next year's budget. Mr. Kulbacki stated that it would cost an additional \$36,000 between the lease and labor. Ms. Griffin stated that her suggestion is a summer 2014 project so they wouldn't need to budget for the additional maintenance costs for one winter.

Vice Chairman Rassias asked whether they would be hiring an additional Full Time Equivalent (FTE) staff member for this effort. Mr. Kulbacki stated that it would be a seasonal employee without full benefits and only for the wintertime.

Ms. Griffin stated that DPW is currently stretched to the limit to maintain the sidewalks currently in place; any new sidewalk segment will cause a reduction in service or pushes them toward hiring another part-time person with a leased machine.

Vice Chairman Rassias asked about the cost of the equipment. Mr. Kulbacki stated that they could lease purchase a rider which would be around \$15,000 or \$16,000 for a lease but a new holder is \$140,000. Vice Chairman Rassias confirmed that if they did the leasing, they could handle an additional 8 miles of sidewalk. Mr. Kulbacki stated that they would only need to have someone work during the winter and felt that this would not be difficult to do because there are many construction workers that are laid off in the winter.

Vice Chairman Rassias asked whether this would be an additional cost to the Town which will open up additional capacity. Mr. Kulbacki stated that the cost wouldn't be so great. Ms. Griffin stated that this is the sidewalk that would put them over the edge toward pushing additional maintenance.

Vice Chairman Rassias stated that he was part of the Bike & Pedestrian Committee meeting when the Verona Avenue sidewalk discussion came forward. The area has very high density with a lot of foot traffic and meets the criteria for the need but it has a big financial implication.

Chairman Christie is concerned about opening "Pandora's Box" relative to sidewalks and a capital purchase that will require another \$30,000 to \$40,000 in operating costs.

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Chairman Christie confirmed with Mr. Kulbacki that this sidewalk puts them at the tipping point for additional costs.

Chairman Christie asked about the length of the proposed sidewalk. Mr. Kulbacki reported that it would be about 1500'. Chairman Christie asked whether there was another 1500' section of sidewalk that could not be maintained in Town and where that would be. Mr. Kulbacki stated that there isn't an area that they could choose as every sidewalk is used.

Ms. Griffin stated that she has been resistant to add sidewalk segments due to the maintenance costs. She noted that the Safe Routes to Schools Committee will make a presentation to the Board about recommended sidewalks which would add up to over \$1 million. This may end up being a conversation at Town Meeting. Chairman Christie would like to look at a sidewalk plan and then go to Town Meeting to bond for the improvements.

Selectman Geraghty would like to also review how they prioritize projects for example the addition of a sidewalk vs. roof replacement.

Chairman Christie wanted to add this to the review list. Vice Chairman Rassias stated that if they decide not to build this sidewalk, he would push for broader discussions regarding sidewalks.

Ms. Griffin noted that ideally they would like to boost the equipment reserve to \$292,000 but they can't in this budget.

Chairman Christie stated that he has been thinking about the use of undesignated reserves to fund one-time expenses that they don't want to delay. Ms. Griffin stated that a good example would be to use it for the Police Department roof.

Chairman Christie asked what would happen if they underfund this by \$22,000. Ms. McClain stated that the hit of additional \$22,000 helps to build the fund but Don Foster recognized that there are vehicles that have come on-line and are not necessarily on the schedule for replacement. Ms. Griffin referred to the equipment schedule and noted that they hit a deficit in 2017.

Chairman Christie noted that in 2017 they would realize a \$90,000 shortfall. Ms. Griffin stated that the replacement schedule is not set in stone and is constantly being reevaluated as to whether they can hold on to equipment for a longer period of time.

Chairman Christie wanted to add this to the list and the option of using the undesignated capital reserve funds.

Selectman Buckey stated that by underfunding these accounts, it means that they are going to need to reduce the amounts in the future from the reserve. If they reduce taxes now and take money out of the reserves, they will need to raise taxes later to replenish.

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Chairman Christie felt that it would be moved from an Undesignated Reserve to a Capital Reserve which has slightly different implications.

Don Foster, Fleet Maintenance, noted that going into next year they are going to be \$76,000 behind when they replace the two sidewalk machines. It was noted that the schedules need to be updated to include this information.

Vice Chairman Rassias asked about the recycling contract. Mr. Kulbacki stated that it will run out in April but he is working with the vendor to try to include some of the commercial areas downtown without increasing the costs. Mr. Kulbacki stated that there are some limitations in the program and they continue to look at whether they can do this in-house. The markets are very volatile and ever changing and the Town could not necessarily compete.

Vice Chairman Rassias asked about the revenues for recycling. Mr. Kulbacki stated that the way the contract works, the company takes all of the revenues. Ms. Griffin noted that the Town receives revenue from the sale of recycling bins.

Chairman Christie noted the line item for traffic signals. Mr. Kulbacki stated that there are two left to replace; one in front of the school and the one at Park & Summer. Mr. Kulbacki noted that the light at Park & Lebanon Street was installed in the late '80s and is showing its age.

Ms. McClain stated that the \$128,800 is coming out of the Road Construction and Improvements Capital Reserve Fund for the traffic signals. The price per signal varies depending on whether they have mast arms, countdown pedestrian crossings, etc. Chairman Christie noted that they are increasing the funding from \$25,000 to \$41,000 in this budget and that's not enough to get through the second light in FY2016.

Vice Chairman Rassias asked which mid block crossing will be receiving targeted enhancement of lighting. Mr. Kulbacki stated that there are a number of them and they are trying to prioritize them. He stated that they are looking at whether to bring the same technology to each location that is currently in use on Wheelock Street. One issue is that drivers lose sight of the person in the crosswalk and they are just looking at the lights so they are looking at finding a way to light up the pedestrian. Mr. Kulbacki stated that they are exploring solar powered crosswalk lighting and noted the pedestrians will hit the button for the crossing and then proceed without waiting for traffic to stop.

Chairman Christie asked if they would be looking at placing crosswalks around The Green. Mr. Kulbacki stated that they would look at this eventually. Ms. Griffin noted that there are several areas that they would like to deploy the crosswalk technology but the current estimate to light both ends of a crosswalk with solar powered LED technology would cost \$10,000 to \$12,000. Vice Chairman Rassias noted that the flashing lights are better than nothing.

Chairman Christie asked if there was a plan to review the crosswalks in Town. Ms. Griffin stated that there is a plan and Carolyn Radisch (ORW Architects) will be working with them to identify the priorities. Ms. Griffin stated that they haven't budgeted for the other areas until they can work on the plan.

Chairman Christie confirmed with Ms. Griffin that the crosswalks in the budget have been determined to be high priority. Ms. Griffin stated that they will be working on a crosswalk plan.

Capital Improvement Program

- Priorities with limited reserves
- Health of Reserves
- Priorities – Roof Deferral
- Bridges

Selectman Geraghty asked Mr. Kulbacki to explain some of the prioritization with the projects and how do they decide to defer a roof replacement. He noted that there isn't anything too catastrophic on the replacement and renovation schedule. Selectman Geraghty also noted that he had the opportunity to do a workshop with representatives from other Towns and he is thankful for the reserve program in Hanover and he's not sure how those other communities are ever going to get out of the hole.

Mr. Kulbacki stated that his goal is to let the Board know about upcoming expenses before it is catastrophic. He noted that they are fortunate to have a Capital Reserve Fund for buildings but it is a relatively new one. He stated that the reserve for fleet has been around for a long time and they have been able to tweak it over the years.

Mr. Kulbacki stated that they have been looking at the major systems to get an inventory. They have tried to set aside money to replace a roof but then another expensive maintenance expense would come forward. The Police Department roof will need to be patched pretty quickly; when it was built there was not a lot of detail with flashing and there was ice buildup because there was no insulation. He noted that last year the Public Works roof was leaking but there is a difference between Public Works and the Police Department equipment. If they have to wait a year, it can be patched but they can't hold off for much longer.

Mr. Kulbacki stated that they have never had a reserve to replace traffic signals. They have tried to be aware of construction going on so that they can require upgrades and one example was the new Life Sciences building.

Chairman Christie noted the items that have no available funding which adds up to over \$400,000. Ms. Griffin noted that the items on the list include the \$70,000 for the gym floor replacement at the R.W. Black Center; \$40,000 carpet in the Howe Library; \$145,000 roof replacement on the old part of the Howe Library; \$60,000 for the roof replacement over the Fire Department and \$100,440 for the Police Department roof replacement.

Chairman Christie noted that these are all items that need to be addressed in the next 2 or 3 years. Ms. Griffin stated that they might want to think about bonding the roof replacements. In past years they have not bonded but reserved for these expenses. They could also look at doing a fundraiser to replace the gym floor at the R.W. Black Center.

Ms. Griffin pointed out that they only established the Building Maintenance Reserve 3 years ago. Ms. McClain stated that as they've been paying off previous bonds, there was \$100,000 of capacity and \$50,000 went to the building capital reserve and the other \$50,000 went to the budget for energy efficiency projects. She noted that this current fiscal year is the first year that they realized a savings from the Dispatch Center renovations. This money went to help with overall budget relief instead of back into the reserve fund.

Ms. McClain thought it was worthy to note that usually there is a certain amount of capital work that can be absorbed in the operating budget but this year there was a reserve source for every capital project. For example, the money budgeted to help defray the costs for Hayes Park that was raised by taxes, has not been folded over for a new project but is being used to offset operating costs. Ms. Griffin stated that this reflects how tight the budget is.

Selectman Buckey noted that there is \$1.2 million of activities funded out of reserve funds in this budget. Chairman Christie asked if there were any reserve funds where any excess capacity could be transferred to another area. Ms. Griffin stated that the only fund would be the Parking Fund.

Ms. Griffin stated that they did opt to add money to the Dispatch Center Capital Reserve Fund because they did bond 10 years ago; \$150,000 bond. Ms. McClain noted that they were contributing to the reserve in the same year that they are paying off a lease.

Ms. Griffin stated that Police Vehicle Reserve Fund will head toward a little bit of a shortfall in 2022. Chairman Christie noted that the Police Vehicles Reserve Fund is pretty healthy. Ms. Griffin stated that there are years that there is more money in the fund than they need to spend in a single year but in the year that the purchases are made, they will need the full amount.

Chairman Christie felt that the Police Vehicle Reserve Fund could be reduced by \$10,000/year and still meet the 2016 requirement. Ms. McClain stated that they would then need to ramp the contribution up by \$25,000/year to meet the 2019 requirement.

Ms. Griffin noted that the Property Revaluation Reserve Fund is small but is used for the part-time help needed during revaluations.

Ms. Griffin noted that the aerial ladder truck is not included in the Fire Department Vehicle and Equipment Reserve Fund. They bonded half of the amount and received proceeds from the sale as well. Ms. McClain noted that the bond is paid in 2016. Ms. Griffin stated that when the bond is over they look to put the money they would have spent back into the Capital Reserve. It was noted that the aerial ladder costs \$1 million and Selectman Geraghty felt that this was a good reason to discuss regionalization for the larger equipment.

Ms. Griffin stated that the Parking Fund is not to be confused with the Parking Operations Vehicles & Parking Facilities Improvements Capital Reserve Fund.

Selectman Buckey asked if the money in this fund is set aside for a possible future parking facility. Ms. McClain it is not and further explained that in the first couple of years that the

Parking Garage was in operation they budgeted six figures in maintenance and then Town Meeting authorized putting these funds in the Capital Reserve. The last round of membrane replacement was covered through the Parking Fund so it wasn't taken out of the Capital Reserve Fund but going forward it will be. Ms. McClain stated that this money could be used in conjunction with the broader parking discussions.

Ms. Griffin stated that the Bike & Pedestrian Committee would like to use some of the Parking Fund money for their initiatives (such as sidewalks, bike lanes, etc). Ms. Griffin stated that this would need to be discussed with the Town attorney and Bond Council to see if this is a legitimate use of Parking Funds. Ms. Griffin stated that legally they can't take money from the Parking Fund to offset the tax rate in the General Fund. Ms. McClain stated that it could be used to defer rates or fine increases.

Selectman Buckey asked about the Sewer Equipment and Facilities Improvements Reserve Fund and whether they could use funds to develop alternative power sources to save energy costs. Ms. Griffin stated that if they wanted to fund energy improvements at the Water Reclamation Facility they could use this fund.

Town Properties

- Energy Efficiency
- Reserve Funding
- Street Lights
- Howe Roof

Vice Chairman Rassias noted that the Town has made a lot of efforts toward energy efficiency and wondered about the plan toward other initiatives to conserve energy.

Vice Chairman Rassias felt that they should consider whether the reserve funding is sufficient. He asked where things stood with the street lights that are being replaced. He noted that they currently cost \$60,000/year but a few years ago it cost \$90,000/year.

Ms. Griffin stated that she and Peter Kulbacki had an opportunity to talk with Liberty which purchased National Grid's assets in New Hampshire. Ms. Griffin stated that the issues that they initially raised were funding alternatives for the partial night light option. The problem in the past was the cost for the timers. The PUC states that the Town has to fund the full cost of the transition and it can't be paid over time. The cost is the same as the entire energy budget. She mentioned finding options for financing the transition and new LED technology. Ms. Griffin stated that they are having talks about having Hanover become a pilot community and she is hoping that they will finance an electric charging station and she felt that this could cut the cost by 50%.

Chairman Christie asked if they wanted to take on the elimination of street lights. He was disappointed that the neighborhoods wouldn't agree to eliminate some of them. Ms. Griffin noted that the proposal was not well received in the past.

Vice Chairman Rassias asked what the savings would be if all of the street lights were replaced by LEDs. Mr. Kulbacki stated that they would save 75% and there would be a lot of savings in energy.

Mr. Kulbacki stated that they continue to look at opportunities in each building. He noted that they have looked at some solar technology for example, the solar hot water unit at the Fire Station. They are looking at options that show some savings and have been changing lights and occupancy sensors because they are easy to do and relatively inexpensive.

Chairman Christie asked how far out they look for these opportunities. Mr. Kulbacki stated that they look at couple of years out but technology is constantly changing so they try not to rush into new things as they may not be the best option ultimately.

Chairman Christie noted the reduction in energy costs at the Police Department from \$50,000 to \$12,000 due to the air handler replacement.

Vice Chairman Rassias noted the charge of \$4,500 for the dock at Wilson's Landing. Mr. Kulbacki stated that this is for the Town dock replacement (not the Crew dock). Selectman Geraghty asked about the status of the crew dock. Ms. Griffin stated that they just received their building permit and it may be built for the fall season but not this spring.

Chairman Christie noted the kilowatt usage reductions. Vice Chairman Rassias felt that it would be nice if it could keep going down. Ross Farnsworth stated that some of this was due to small changes such as the Police Department insulation installation.

Chairman Christie noted the fuel usage trending down. Vice Chairman Rassias asked about the Water Reclamation Facility and whether they are using the methane. Mr. Kulbacki stated that this will continue to drop as they get the system to work.

Water Reclamation Facility – Sewer Fund

Selectman Carter noted that all of the construction has been done and the air quality will be better at the facility.

Mr. Kulbacki stated that the contractor has a punch list of items to finish. The methane boiler has been run, there are flares from methane; the centrifuge is running but they won't know the results until the digesters are running properly. Mr. Kulbacki stated that they are waiting for their DES permit to be issued which was submitted last fall but they are still waiting for the response. They are concerned about changes regarding phosphorous limits and there is a lot of debate going on about the science behind it.

Mr. Kulbacki stated that they have accomplished everything that they hoped to and once they work the bugs out, all of the systems have been upgraded.

Chairman Christie asked how the Lebanon Agreement is working. Mr. Kulbacki stated that the agreement was adopted in the fall but the City hasn't gotten back to them about it. The City of

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Lebanon has funding for studies that they have to do as part of the first round. They have to do a study on what it would take if they were to leave the facility and they need to install flow monitoring devices in key areas so Hanover can monitor the flow. Mr. Kulbacki stated that they have to go through the next round of funding.

Mr. Kulbacki reported that there has been voting by the House and the Governor's budget to fully fund the grant money from 2008 but it hasn't been approved yet. Mr. Kulbacki stated that the old project might be eligible for reimbursement but the new one wouldn't. Ms. Griffin stated that the State was supposed to fund \$45,000/year which is the State's 20% funding level for a period of 15 years. Ms. Griffin stated that the Town's liability is small compared with other communities that were supposed to receive 100% funding for their facility.

Chairman Christie wants to make sure that the State downshifting is accounted for in each fund.

Chairman Christie asked about the savings in fuel for the Water Reclamation Facility. Ms. Griffin noted that the cost went down from \$84,219 to \$28,080. Mr. Kulbacki noted that they are now burning the excess methane and generator fuel. He noted that they don't have maintenance costs this year because the equipment is under warranty.

Chairman Christie noted that Lebanon supports 21% of the revenue for the facility.

Ross Farnsworth reported that there are two roof top air exchange units in the budget. The current units do not operate and he doesn't see any way to save them. He received a price for newer and more efficient equipment. Mr. Farnsworth also looked at another option which would be ductless heat pumps. These are capable at running 100% down to 14 below zero. There would be small units near the ceiling or a wall unit near the floor and the price difference is from \$57,000 down to \$28,000; there would be more zoning control. If the facility had better quality air inside than outside, the rooftop units would bring in fresh air but he's not sure that this is a good idea for that facility. The other units would just re-circulate the inside air. The \$28,500 would not include any outdoor air.

Ms. Griffin stated that they are budgeting the higher end approach to give Mr. Farnsworth the ability to figure out the best option.

Mr. MacLean noted that they are already seeing corrosion on the newer equipment so they have already been cautioned that air quality is a huge issue. Mr. Farnsworth noted that they need to overhaul the dampers as well.

Water Department

Selectman Buckey noticed that the Water Reclamation Facility and Water Utility are large electricity users. He was wondering if solar technologies would work in those areas. Mr. MacLean stated that they did look at the payback in using methane and if there is grant funding available, they might want to re-visit this; there is a lot of fuel being generated. Selectman Buckey acknowledged that the solar option doesn't always work out with the payback.

Ms. Griffin stated that they have looked for more solar power options in Town. Mr. Farnsworth would want to find grant funding for these efforts because the payback is really long. He noted that the solar panels that they've used on the buildings are going to take a long time to realize the payback.

John Dumas reported that he looked at in-line turbines to capture water flow but they don't have a line long enough to generate enough electricity to do much. He stated that 3 or 4 months ago there was an energy audit and the Water Department was told that there was nothing more that they could do; they were doing everything possible. The \$44,000 cost is spread out through a few facilities and the Water Facility spends \$3,500/month.

Selectman Buckey asked about the payment from the Water Fund to the Town. Ms. Griffin stated that the water utility used to be a tax paying private entity. Ms. McClain stated that there is a piece of legislation adopted to allow the Water Fund to give the Town of Hanover and Hanover School District the equivalent of the taxes that were lost when the utility was municipalized. Ms. Griffin stated that this was designed to keep the taxpayers whole.

Selectman Buckey noted the phone service line item in every budget. He noted that Dartmouth went to a network based phone but each phone is an IP phone on the network. Ms. McClain stated that they do have IP telephone service and IP switches which helped them reduce the number of lines. She noted that Doug Hackett has managed that number and the last lease payment is included in this budget. Ms. McClain reported that the Town has received great savings. Ms. Griffin recalled saving \$20,000/year and Doug Hackett is good about looking for new opportunities. Mr. Kulbacki stated that the phone charges in this budget are back charges to dispatch.

Chairman Christie asked for the meter replacement update. Mr. Kulbacki stated that they are about 1/3 way through the replacement and have been switching out approximately 20 each week. Mr. Kulbacki felt it would take another 9 months.

Chairman Christie would like to put hydrant costs on the list for further review.

Ms. Griffin noted that they have ample funds in the Water Fund but they should think about replacing water lines on Lebanon Street. Mr. Kulbacki had some material for the Board to look at and consider.

Mr. Kulbacki noted that the section on Lebanon Street needs to be repaired and it is 850' long. This is not the only pipe in this condition and was put in place in 1993 and has broken 4 times. The pipes are corroded to the point that they can't take the pressure. This would cost \$250,000 to replace. There are other areas in Town that will need to be replaced.

Ms. Griffin stated that they try to time these replacements with road repaving and the next big project is upgrading the distribution lines. They are trying to protect the Undesignated Fund Balance in the Water Fund to prepare for repairs.

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Ms. Griffin stated that the suggestion is that the Board consider using the Water Utility Undesignated Fund Balance to address the repairs that are needed; there is \$1,694,327 in Undesignated Fund Balance and the recommendation is to pledge \$250,000 to replace the water main on Lebanon Street.

Selectman Buckey asked about the rest of the list and whether they would be put on a schedule. Mr. Kulbacki stated that the problem is prioritizing the trouble spots by where they impact the residents or how it impacts the budget.

Chairman Christie felt that the 2.5% water rate increase might need to be higher to put money away for the trouble spots. Ms. McClain stated that part of the push for the meter replacement was to recapture revenue from the under reported water usage and it's too soon to see the results from the replacement. There is also debt capacity opening up in 2015 in the amount of \$100,000. Ms. Griffin noted that a 1% water rate increase would equal \$15,000 of additional revenue.

Chairman Christie noted the capital purchases in the amount of \$69,000 and asked how this reconciled with the capital expenditures of over \$1 million. Mr. Kulbacki stated that this includes the bond payments for loans. Ms. Griffin stated that the capital expenditures include the debt service.

Selectman Buckey asked about the 26% increase in Treatment Services and Supplies. Mr. Kulbacki stated that this has to do with increased chemical costs.

Chairman Christie asked about the transfer from Undesignated Fund Balance from \$50,000 to \$75,000. Ms. McClain stated that they proposed to fund the transition of the hydrant fees through the Undesignated Fund Balance with the hope that the unrecognized revenue will catch up. Ms. McClain clarified that the \$50,000 in 2013 is for the meter replacement. Ms. McClain stated that they would take a total draw of roughly \$366,000 to get to 32%.

Chairman Christie asked if the meters are being funded over 2 years; \$49,000 was transferred last year to handle the meters and now another \$25,000. Ms. McClain stated that the lease payment is \$78,000 and in the current year's budget it was budgeted at \$92,500. The budget would have balanced if they didn't make the change to the hydrant costs and continue to charge the PUC rates to the Fire Fund and credited the Water Utility Fund (\$588,000) there would have been no draw but because they were transitioning to a more defensible hydrant cost, they are budgeting the delta. Ms. McClain stated that the push to change the meters was the savings that they anticipate receiving. They haven't had enough billing cycles to see the actual impact.

Chairman Christie noted that they need to realize \$130,000 in revenue over the next 3 years. Ms. Griffin felt that rather than hitting the ratepayers now for the cost allocation from the Fire Fund back to the Water Fund, they want to wait to see what the additional revenues would be. The estimate is that it will be \$100,000/year. Chairman Christie stated that the payback would be 1 year.

3. ADMINISTRATIVE REPORTS.

There were no Administrative Reports.

4. SELECTMEN'S REPORTS.

There were no Selectmen's Reports.

5. OTHER BUSINESS.

There was no Other Business.

6. ADJOURNMENT.

Selectman Carter MOVED to Adjourn the Meeting. Selectman Geraghty SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:30 P.M.

Respectfully Submitted,

Nancy A. Carter, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Selectman Carter MOVED to Adjourn the Meeting. Selectman Geraghty SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:30 P.M.