

FINAL

BOARD OF SELECTMEN'S MEETING

March 5, 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 any Public Comment. Steve Chapman from 7 Butternut Lane introduced himself and noted that he grew up on 33 Rip Road. He urged the Board to make the area of Wheelock and Verona a safer place by constructing a new sidewalk. Mr. Chapman noted that there are kids and seniors walking and biking on that stretch of road every day and it's hard to see around the bend of the road. There are bus stops for the Richmond and Ray school. He noted that he rides his bike through the area and he has concerns about the pedestrians. Mr. Chapman stated that he understands that it costs about \$20,000 to construct the sidewalk and that there is concern over maintenance. Mr. Chapman asked the Board to think about making the sidewalk and maybe not maintaining it in the winter, which sometimes happens with Rip Road. This would still make the conditions safer for the summer, spring and fall. He stated that as a pediatrician and father he is concerned for all of the users of that area.

Chairman Christie stated that he appreciated Mr. Chapman's comments and noted that the Board needs to look at the expense but also the larger picture with regard to the construction of sidewalks and the maintenance involved.

Selectman Buckey asked about what happens when a sidewalk is not maintained. Peter Kulbacki stated that under the ADA the Town is required to maintain the sidewalks and in the case of the small section on Rip Road, it doesn't always get treated.

Vice Chairman Rassias stated that the Verona Ave sidewalk proposal meets all of the criteria with the density and school kids, etc. It is a high priority location but the Board recognizes that they need to address sidewalks throughout the Town. If the community decides to go ahead with more sidewalks, there are economies of scale to consider.

Ms. Griffin stated that the Safe Routes to Schools Committee will provide their report to the Board in April. By adding a 3rd sidewalk plow they could add about 8 miles of sidewalks. The addition of a sidewalk on Verona Avenue is the tipping point because they can't incorporate the maintenance within the current staffing and equipment. The recommendation is to consider a bond asking for funding for sidewalks with the maintenance costs attached.

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Mr. Chapman understands the global approach but he is wondering if they need to wait for 8 miles of capacity to complete the ¼ mile stretch on Verona.

Barbara McIlroy noted that there may be traffic calming considerations for the area as well and asked whether there is the possibility of looking at the traffic calming considerations to slow people down if they are not able to construct a sidewalk. Vice Chairman Rassias responded that this was a good question.

Kristi Fenner, Chair of Hanover Finance Committee, noted that some members of the Finance Committee had concerns about the growth in the tax levy. Real growth shows around 27% using the CPI and 20% using the MCI and there hasn't been an equivalent increase in the population. This led the Finance Committee to recommend to the Board that the tax levy should not increase this year more than the municipal index which was 1.7% which would result in a 1.2% tax rate increase.

Ms. Fenner also stated that per the Board's policy, if the reserve fund exceeds 10% then the excess should be returned to the taxpayers. She noted that this is the 3rd year in a row that the Undesignated Fund Balance in the General Fund has exceeded 10%. Per the Town's policy, it's time to return this to the taxpayers. She noted that the excess is \$240,000 which would give a tax rate increase of 2.2% which is still 1% over the Finance Committee's recommendation but she urged the Board to take this into consideration.

Chairman Christie noted that he spoke with former Board member Brian Walsh who wanted to make sure that the issue of State downshifting was being addressed. Chairman Christie assured him that it was.

2. 4th BUDGET HEARING:

- Budget Adoption – Review of Budget Strategies

Chairman Christie reported that the Board will be going over the budget and needs to review the list of items that require further discussion. Ms. McClain gave an overview of the list of items to be discussed.

- Use of Undesignated Fund Balance
 - What is appropriate use in General Fund to lower the tax impact?
- Fee for Service Revenues
 - Overall analysis to insure that we're charging appropriately to keep pace with expenditures
- Capital Financing
- Sidewalks
- Roof Replacements
- Paving Program
- Parking Fund Discussion
- Credit Cards
- Hydrant System Costs
- Lebanon Street Water Main Replacement

Chairman Christie stated that the original goal was to get the tax rate increase to no more than 3.93%. There is a \$10 million expected increase in asset value through the Grand List which provides the .53 relief so the proposed tax rate would be 3.40%. If the Board were to take \$240,000 out of the Undesignated Fund Balance and then calculate the .53 in asset values but then adding the State downshifting of 1.63, it would bring the tax rate to 2.16%.

	Original Proposal	Scenario #1
Tax Levy	3.93%	
10M NAV	(.53)	
Property Tax Rate	3.40%	3.40%
Undes. Fund Bal.	(2.87%) \$240K	(1.43) \$120K
	.53	1.97
State Downshifting	1.63	1.63
	2.16%	3.60%

Chairman Christie noted that the Board discussed the use of the Undesignated Fund Balance and they don't want to use it for recurring operating expenses. He acknowledges that the Finance Committee would like the Board to use the full \$240,000 but his thought is to use half of that amount. Chairman Christie stated that although the policy regarding Undesignated Fund Balance is to keep the amount to 10% and to bring the excesses down over 2 years; there were previous discussions about increasing the percentages. It was later determined that increasing the amount is not achievable. If Undesignated Fund Balance is used to pay for recurring expenses, the excess might not be there in the future to cover those expenses. Chairman Christie stated that his recommendation was to use \$120,000 toward this budget.

Ms. Griffin stated that they did not take the amount down over the 2 year time frame because of fears stemming from the emergency situation with Hurricane Irene. She reported that she was advocating to prepare for climate change and the potential impact of catastrophic storms since FEMA does not have the funding to repair the infrastructure damaged in the major storms. The Towns of Hartford and Sharon suffered severe losses and the fund balances were affected significantly. Ms. Griffin wanted to convince the Board to increase the fund balance to 15% but in light of the budget situation it's not the time.

Chairman Christie stated that if the Town funds capital expenses through bonding; the Board is using the Bond Bank at a certain percentage rate but to be able to go out to other funding sources they would need to be at the 18% Undesignated Fund Balance range.

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Selectman Geraghty noted that when they look at the vehicle replacement schedule, they are not considering inflation so the Town is not saving enough to fund them.

Chairman Christie stated that while the Town has very good capital reserves, they are not adequate. For the timeline that the vehicles have to be replaced, it's not enough. He stated that even while funding the balances at \$40,000 per year, he feels that they are going to find themselves further in the hole. Chairman Christie stated that they need to determine how they are going to fund their capital. He stated that with State downshifting, he's not sure if the matrix still works.

Chairman Christie stated that included in this budget were reserves for building maintenance which was only put in place in the last couple of years. He stated that with only 3 or 4 years of funding for this reserve, it is not adequate to handle all of the maintenance needs.

Selectman Carter noted that the Department Heads have been careful not to add new things to the budget. There is not an inflation factor but they have not been dealing with long term infrastructure problems, such as water distribution lines, because of more immediate needs.

Chairman Christie stated that when they took on the municipalization of the Water Company, they were very clear that there is a large outstanding liability to replace distribution lines. The Town didn't own that problem until about a year ago but they knew they were going to be able to deal with it better as a municipal service than they could through the Public Utilities Commission (PUC). Chairman Christie stated that they need to look at how they are funding these efforts and at some point they may need to do some sort of bonding.

Ms. Griffin stated that with the municipalization of the water utility, it was made clear that once the Town took over maintaining the water company, they would need to look at upgrading the main distribution lines. This would create a significant bond issue at a cost of \$6 to \$8 million dollars to upgrade the secondary distribution lines. This would be a water rate issue and not a general fund tax issue.

Selectman Buckey felt that the Town should be using long term money to solve the long term problems rather than short term problems.

Chairman Christie asked for some consensus in using \$120,000 versus \$240,000 out of the Undesignated Fund Balance. Vice Chairman Rassias felt that this was in line with previous discussions and what they did last year.

Chairman Christie asked Ms. McClain for some data regarding the fee for service revenues. Ms. McClain stated that the non-tax revenues are staying level. Ms. McClain noted the \$70,000 reduction in permit building revenue and the \$20,000 decrease in interest income. She did not include each Department's loss of income but noted that the

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Parks & Recreation Department revenue showed a bit of a reduction whereas the Police Department is showing a slight increase.

Chairman Christie felt that the Town has at least \$100,000 in income reduction in this year's budget from last year's budget. He stated that \$84,000 equals 1% on the tax rate so there is about 1¼% that the Board needs to make up due to lack of fee revenue. He noted that the CPI last year at 1.3% so he doesn't believe that they are going to be able to keep the tax rate increase in line with the CPI.

Chairman Christie noted the \$70,000 reduction in Planning & Zoning where the demand for planning services is steady or rising based upon the number of permits being processed. He felt that the Town needs to find a way to charge for this and get creative. He would like to make this a goal for the coming year; to look at the fees and keep them in line with the services they are providing.

Ms. Griffin noted the Planning & Zoning permit revenues are projected at \$468,688 which was brought down to \$399,239 which is a \$70,000 difference. Ms. Griffin confirmed with Chairman Christie that he is not suggesting that staff not come to the Board with a proposed increase in rates & fees in June to come up with the difference. Chairman Christie wanted to have a thoughtful process and if they can come forward with a plan to increase fees by the time they adopt the Rates & Fees Schedule he would support that but he doesn't feel they have time to tackle that within this budget. Selectman Geraghty felt that a thoughtful process could take place by June but the longer term multiple year solution may take a little more thought.

Ms. McClain stated that the Board has chosen in the past to increase fees on a step function and if they recognize the costs are going up each year and the value is going up, they could look at modest increases each year. Chairman Christie didn't want to change anything in the budget but task staff to look at fee schedules.

Capital Financing

Chairman Christie stated that other than adding money to the reserves, there is nothing else that the Town can do. He knows that they have very healthy reserves especially in comparison with other communities. Ms. Griffin stated that each year they try to tackle different areas in the reserve. It would be very rare for the Board to attempt to tackle every reserve. Chairman Christie asked if the Board had any desire to add more money to the reserves. The Board did not wish to do so at this time.

Sidewalks

Chairman Christie felt that they should step back and determine all of their sidewalk needs. Vice Chairman Rassias asked Peter Kulbacki, Public Works Director, about the capital costs to increase the sidewalk mileage and personnel costs. He also asked why the machines used for maintenance are so expensive (\$140,000). Mr. Kulbacki stated that the durable units are very expensive; if they buy a cheaper machine they will replace them

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more often. These machines are used to move snow and they are dealing with salt, etc. There is a lot of wear and tear on the equipment and this equipment breaks down easily. Mr. Kulbacki stated that his Department also uses this equipment for mowing because if it sits for half of the year, it won't run when they try to use it again. Mr. Kulbacki stated that their life expectancy is about 8 years.

Selectman Buckey asked about contracting. Mr. Kulbacki stated that they could look at contracting but this is expensive because you pay for the equipment and the on-call status. Ms. Griffin stated that she had budgeted to build the sidewalk in the summer of 2014 so they wouldn't have to tackle the winter maintenance for the first year.

Selectman Buckey asked about a shovel brigade or neighborhood fund. Ms. Griffin stated that the Town wants to have regular maintenance and not rely on the shovel brigade. Chairman Christie stated that the concern is the on-going maintenance expense which is somewhat unquantified.

Selectman Buckey recalled that one option was to contract out to have this sidewalk cleared and he didn't know how much that would cost. Ms. Griffin stated that a logical approach would be to contract with a company that is already in the neighborhood to address the maintenance. There are a number of sidewalk segments that residents would like the Town to tackle. Mr. Kulbacki stated that they had the same situation with bike lanes and there was no plan to deal with it. They looked at how bicycles are used and created a plan to address the issue. Mr. Kulbacki stated that there is no thought out plan regarding sidewalks; how far the sidewalk should go, etc.

Vice Chairman Rassias stated that the Bike & Pedestrian Committee has looked at this issue. Selectman Buckey felt that this is a special area that needs to be addressed. Mr. Kulbacki stated that Hovey Lane is another area that could be considered special as well. Mr. Kulbacki stated that there are other areas in Town where it doesn't make any sense to add sidewalks.

Chairman Christie stated that with using \$120,000 out of the Undesignated Reserve Fund, they will go into next year's budget at -1.43% and for every \$84,000 spent they are another point in the hole. He doesn't want to commit this to next year's budget at ½%. Selectman Carter stated that she wishes that they could build the sidewalk and then contract with the company that handles the sidewalks for the condominiums in the area. Mr. Kulbacki stated that the company probably doesn't have the equipment to maintain it. Mr. Kulbacki stated that they contract out for the Parking Garage which costs \$25,000.

Selectman Geraghty hesitates on moving forward without knowing what will happen next year. He asked whether they could put this project on the list of Capital Reserves and then try to come up with a plan between now and the following summer. He wondered if they could appropriate it and then not spend the money if they don't choose to.

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Chairman Christie stated that the Board may know more by the time they handle the next budget and then Town Meeting would have to appropriate the money.

Selectman Geraghty asked if they could appropriate the \$20,000 to construct the sidewalk this year and then come up with a plan between now and next year. Ms. Griffin wasn't going to have it implemented until summer of 2014. Chairman Christie stated that this would not provide further relief to the tax rate. Ms. McClain clarified that this amount would not come out of the reserve, it would require raising taxes. Chairman Christie clarified that it would be 1/4% on this year's tax rate. Selectman Geraghty was more comfortable with the sidewalk construction costs when he thought it could come out of the reserve.

Chairman Christie MOVED to Remove \$19,500 From the Budget for Sidewalk Construction.

Selectman Carter asked if there are any funds that can be used to pursue a sidewalk plan. Mr. Kulbacki stated that they did a bike plan at a cost of \$14,000 and there was some matching money from the College. This study included the Master Plan for the campus as well. Mr. Kulbacki stated that he could talk to the College to see if they are interested in looking at the plan. Ms. Griffin felt that they didn't need to hire a consultant; they can make it work with Town and College resources.

Vice Chairman Rassias would like to add this to the goals list for the year.

Vice Chairman Rassias Seconded the Motion.

Mr. Chapman appreciates the debate and comments but he is wondering if there really is no way to maintain the 1/4 mile sidewalk on Verona Avenue with current staff and equipment available. Mr. Kulbacki stated that they would have to not maintain a sidewalk somewhere else; they have tried to tweak areas and the area of Wheelock and Rip Road gets pushed to the side. Mr. Kulbacki noted that workers are out maintaining the sidewalks as the weather is happening so they come in middle of the night to stay on top of it.

Chairman Christie assured Mr. Chapman that if the Town moves forward with additional sidewalks, Verona Avenue will be a priority. Ms. Griffin stated that either way they would be looking at Town Meeting in 2014.

Mr. Chapman thanked the Board for taking the time to consider this issue. Vice Chairman Rassias felt that these are the little things that have an impact on the quality of life in Hanover.

Bill Baschnagel stated that he would like to remind the Board that there was a time when there was a sidewalk fund and a sidewalk district. In the course of the year, they may want to consider re-establishing that fund. It was taken out several years ago because they didn't identify a reliable source of funds but in the Town Charter, they have the

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authority to establish a district and a fund. They may be able to charge a surcharge in the neighborhoods to support the sidewalks.

THE BOARD VOTED UNANIMOUSLY TO REMOVE \$19,500 FROM THE BUDGET FOR SIDEWALK CONSTRUCTION.

Roof Replacement

Mr. Kulbacki stated since he last met with the Board, he had contractors look at the roofs for the Police Department, Fire Department and Howe Library in order to get a quote. They noted that the Howe Library roof can wait a couple of years before it should be considered for replacement; the Fire Department roof can wait another 5 years. Mr. Kulbacki stated that they were able to bring the number down as they originally estimated by square feet versus the actual quotes and with the money left in reserve after the repairs to the Public Works roof, there is a savings.

Mr. Kulbacki stated that the cost for the Police Department roof is \$84,500 but using the savings from the Public Works roof repairs it brings the cost to \$68,000 which is down from \$100,000. He noted that he made some assumptions including the decision not to fund the sidewalk so that \$20,000 could be placed into the reserve and it keeps them in the black until 2019.

Chairman Christie asked if they wanted to do the roof this year at a cost of \$85,000. If it is funded out of the reserve, there is money to fund it this year. Ms. Griffin stated that they would only need to spend \$68,000 because there was savings from the Public Works roof replacement. Chairman Christie stated that this is what the money is there for so if they can repair the roof and have no impact in the tax rate in this budget, he would recommend that they tackle this now.

Selectman Buckey MOVED to Appropriate \$85,000 from the Reserve Fund for the Police Department Roof Replacement. Selectman Geraghty SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO APPROPRIATE \$85,000 FROM THE RESERVE FUND FOR THE POLICE DEPARTMENT ROOF REPLACEMENT.

Paving Program

Ms. Griffin stated that if they budget \$20,000 for the next 3 years, they would be able to fully fund the Paving Program. Chairman Christie doesn't have an appetite to add more funding to the paving fund.

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Parking Fund

Chairman Christie stated that he is reluctant to go to Town Meeting to put an appropriation of funds in the budget for something that they haven't thought through and don't know exactly how they are going to spend it. He stated that independent of the Parking Study and what they might do for the long term, he is sure there are other things that they may be ready to implement today. He would be uncomfortable presenting this to Town Meeting without a plan.

Selectman Geraghty stated that he doesn't want Town Meeting to become a parking debate and recognizes that there will be many groups affected and he doesn't believe the education piece can be done before Town Meeting.

Ms. Griffin asked Lt. O'Neill to focus on technology improvements to determine the amount of money that they would need to appropriate in order to make progress on that portion of the project.

Chairman Christie clarified that this would have no impact on the tax rate. Ms. Griffin confirmed that the expense comes out of the Parking Fund and not the General Fund.

Selectman Carter asked about the meters that need replacing. Lt. O'Neill stated that there are currently 600 parking meters and the electronic units are 15 years old and they deal with constant breakdowns. He noted that his staff spends a fair amount of time fixing meters. He stated that the electronic units need replacing and the option to pay by credit card is desirable. Lt. O'Neill stated that new equipment would allow for this and maybe they can pay for it over a 3 year period and target Main Street and the area behind Town Hall. Lt. O'Neill stated that the question is whether they can afford to pay for the parking meters with the existing budget and he felt that they may need to raise some of their rates to afford this.

Chairman Christie asked which of these scenarios are most important. Lt. O'Neill stated that in the memorandum that he previously sent to the Board, Step 1 is to replace the parking meters on South Main Street, Lebanon Street and the Municipal lot. Lt. O'Neill noted that many of the meters are working great so they could move the units and replace failing areas. Chairman Christie asked for the cost associated with this. Ms. McClain stated that this would work from the status quo budget and add amounts from there.

Ms. Griffin noted that Step 1 would include raising parking rates to \$1.00 on South Main Street, Upper Lebanon Street and the Municipal Lot. This would also include replacing meters that accept credit cards.

Chairman Christie asked what the additional expenditures beyond the status quo budget would be included. Lt. O'Neill stated that they are looking at an additional \$110,000 in revenue by raising the rates in the locations noted. There would be an additional \$100,000 in parking fines which brings in an additional \$210,000; about \$81,000 would have to come out of the reserves.

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Chairman Christie is not ready to raise rates for the meters without public input. Lt. O'Neill stated that this also included raising the rates in the 10 hour lots. Chairman Christie views the increase in parking rates as part of the long term solution.

Bill Baschnagel stated that they haven't reviewed the whole Parking Study and he wanted to start off by doing something for the employees. He felt that they should establish a strong Town coordinated carpooling effort for employees. Mr. Baschnagel stated that there is \$15,000 in the budget for this initiative.

Mr. Baschnagel felt that the Board needs to look at a staged program to upgrade the meters. This is a very straightforward equipment replacement process and there needs to be some mechanism to identify the parking spaces. Ms. Griffin stated that the first step costs \$81,000. Mr. Baschnagel stated that this would take care of Main Street and Lebanon Street which are the core downtown areas. Chairman Christie asked how much was in the status quo budget for repairs. Lt. O'Neill stated that they included \$9,000 in the status quo budget for repairs. Chairman Christie asked why there were no meter replacements included in the status quo budget. Ms. Griffin stated that they couldn't do it without raising rates because in a down economy, the initial pushback comes from the merchants.

Chairman Christie asked what has changed in the last two weeks. Ms. Griffin stated that this is part of a larger picture in how they gradually shift the employees that are meter feeding to slightly beyond in town parking spaces and have a system that allows an upgrade in technology. She noted that short of tackling the big picture, the challenge is to find a way to finance \$81,000 to make significant technology improvements including allowing credit card payments. Chairman Christie asked if there were reserve funds that they could tap to handle this expense.

Lt. O'Neill stated that it is actually more than \$81,000 because they were taking into consideration the revenue changes; it closer to a \$200,000 expenditure. This would also include the cost to upgrade the kiosks. Lt. O'Neill stated that the upgrades would cost \$10,000 each and there are 17 kiosks. Selectman Carter clarified that the kiosks are not to be confused with the individual meters.

Chairman Christie reviewed the amounts in the Parking Reserve Fund and felt that this may be the area that they should tap into. He felt that they could then have a separate discussion regarding the Rate and Fee Schedule after they have a chance to receive feedback from others about it.

Ms. Griffin stated that the Board could opt to fund \$230,000 and there is \$18,480 in communication units as a short term approach. Mr. Baschnagel stated that he would rather that they didn't use the money out of the Parking Reserve Fund but noted that the parking meter rates have not been raised in 15 years and \$.50/hour is a very modest increase. He felt that charging \$1.00/hour for the core elements of the Town will give employees greater incentive to find alternative transport or parking.

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Selectman Buckey stated that with regard to the cost of parking, it is one thing to compare the cost traditionally but the merchants might compare it to other areas and their competition is primarily big box stores on Route 12-A where there is no cost for parking. He stated that from the employee's perspective, there is an issue because they are parking in areas that should be available for customers. Chairman Christie stated that he would entertain upgrading the technology and to deal with rates in the near future with community input.

Vice Chairman Rassias noted that the Reserve Fund is very healthy but they are looking at taking a lot of money out of it. He is concerned because technology is going to change and he's not sure how to add to the Reserve Fund in the future. Ms. Griffin stated that they would need to discuss the revenue issue if they plan to deplete the fund by \$230,000. They have outlined an approach to meet with constituency groups to get a sense of how they should deal with this. Ms. Griffin stated that there is also another \$500,000 in reserve for future parking facilities.

Ms. Griffin clarified that the amount that they are talking about is \$248,480 in addition to the status quo budget. Mr. Baschnagel suggested that the Board take the \$230,000 out over 2 years. Ms. Griffin stated that the Town could get a better unit price by buying the machines at the same time.

Lt. O'Neill noted that some of the money would be used to upgrade kiosks so that they can accept credit cards. He is meeting with a company called IPS which sells single space parking meters. He noted that if they go with a credit card only unit, the selling point is that it would cost less per space than the outright purchase of parking kiosks. Chairman Christie trusted that Lt. O'Neill would find the best deal for the Town.

Selectman Carter asked if they have overlooked the suggestion to use money to create a rideshare program. She stated that she didn't want to put all of the money into meters and then not be able to focus on rideshare efforts. She also asked if the meters would be installed by DPW staff. Ms. Griffin stated that the posts would be installed by DPW if needed. Lt. O'Neill stated that DPW would create a pad if necessary and the replacement meters are supposed to be easy to replace.

Mr. Baschnagel stated that for several years they have not enforced meter feeding fines. He would like the Board to consider a more active program to enforce meter feeding fines and noted that the biggest favor for the merchants is to free up parking spaces for their customers.

Selectman Buckey asked if the handheld ticketing technology would help in this effort. Lt. O'Neill stated that this technology would help. Chairman Christie stated that this is a shared responsibility and he is not prepared to have the Town take this on 100%. The merchants have some responsibility to monitor their employees' behavior. Mr. Baschnagel stated that this is a conversation that they have had numerous times with the merchants.

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Selectman Geraghty MOVED to Fund \$250,000 from the Parking Reserve Fund for Parking Technology Improvements. Chairman Christie SECONDED the Motion.

Selectman Buckey asked for clarification as to exactly what the \$250,000 will provide. Lt. O'Neill stated that this amount would provide new meters on South Main Street; Upper Lebanon Street; the Municipal Parking lot behind Town Hall; upgrading the existing kiosk in the Marshall lot; upgrading the existing kiosk in Lot 6 behind Market Table; Lot 7 behind the VAC building; upgrading the machine at the South Block Lot and the existing units on East Wheelock Street along The Green. Selectman Geraghty confirmed that these machines would have the ability to take credit cards. Lt. O'Neill stated that this would incorporate approximately 300 spaces.

Selectman Buckey wanted to know about how they are going to deal with the credit card issue before he would vote on the motion.

Selectman Geraghty stated that his questions now revolve around the revenue which requires a much larger discussion involving different groups of people when they talk about rates and fees. Selectman Buckey felt that this influences the choice of equipment.

Ms. Griffin stated that Lt. O'Neill has had discussions with vendors around charging convenience fees for the meters. Ms. Griffin stated that there will need to be another discussion regarding policy that transcends all of the Town's credit card transactions.

Selectman Buckey noted that he learned that they can't charge different rates depending on cash or credit card payments. He noted that although it sounds like it's not a large amount, the line item for credit card fees would pay for 2 Verona sidewalks or 1/2% on the tax rate so it's not insignificant. Selectman Buckey stated that once they spend \$250,000 to purchase the equipment, they can't just change it.

Selectman Carter asked if there were any chance that they could find the money for the Rideshare program if they are able to find some savings. Lt. O'Neill stated that in the status quo budget there was \$9,000 that he anticipated using for the meters if the improvements weren't approved so there may be money to put toward the carpooling effort.

Selectman Buckey wanted to vote on this item with the caveat that they will have a plan to discuss credit card charges. Selectman Geraghty wanted to make sure that they would discuss not only credit card charges but also parking rates.

THE BOARD VOTED UNANIMOUSLY TO FUND \$250,000 FROM THE PARKING RESERVE FUND FOR PARKING TECHNOLOGY IMPROVEMENTS WITH THE CAVEAT THAT THEY WILL MAKE A DECISION ON THE EQUIPMENT AFTER FURTHER DISCUSSION ABOUT CREDIT CARD CHARGES AND PARKING RATES.

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Chairman Christie instructed Lt. O'Neill to think through what they want for equipment, purchase the right technology and don't shortchange the Town. He would rather put fewer meters in place that are the best option. Ms. Griffin stated that they will be back to the Board with an update about the equipment.

Selectman Christie asked Lt. O'Neill to discuss the handheld ticket machines. Lt. O'Neill stated that this is a \$35,000 expenditure that does fund 3 smart phones with an app that is used for ticketing. This funds the purchase of the phones, the plans associated with it and several other related costs to the ticket tracking database. He stated that it's a bundle package with a 3rd user license which enables them to allow people to pay for parking with credit cards. This also includes printers that the officers will wear and the equipment is blue tooth enabled. Lt. O'Neill stated that this is a 3 year payment and this is the highest of the 3 years.

Chairman Christie asked about the payback for this equipment and questioned why the Town would invest in this equipment. Lt. O'Neill stated that there are 30,000 tickets issued every year and 25,000 to 27,000 are issued by parking staff and the rest are issued by police officers. Currently, there is a staff person taking a handwritten ticket to be entered into the system. These handheld units are wirelessly connected and will eliminate the keying done by staff. He noted that 90% of people calling in are asking to pay by credit card.

Chairman Christie asked what the impact would be on staffing in the Parking Division over time. Lt. O'Neill stated that after they start using the equipment, he would need to wait and see how this would affect staffing. He noted that in the status quo budget he has reduced some full-time hours to part-time hours and he felt that this will give him the flexibility to evaluate some better uses for the parking clerk's duties.

Lt. O'Neill would like to improve the immobilization program to track their list. He noted that the Parking Clerk doesn't have a lot of time to focus on this. Ms. Griffin stated that they should invest in technology to determine if they can provide some efficiencies in staffing.

Selectman Carter asked about technology security and the use of personal information attached to this equipment. Lt. O'Neill needs to look further into the security issues. Vice Chairman Rassias recalled that from discussions with Corey Stevens, addresses are not a security issue and the only thing they are really worried about is credit card information and they also learned that this information is not stored locally but rather at the client's server. Selectman Carter asked whether this is a whole different system than what Mr. Stevens was referring to and whether he is comfortable with the technology that is being purchased. Chairman Christie would like Lt. O'Neill to explore further security aspects.

Credit Cards

Selectman Buckey wanted to find out if parking meters could charge a different rate between credit cards and cash so he did a little research. He learned from one manufacturer that for their product there were two ways they recommended to recover the cost: one is to have a minimum credit card charge, and the other is to use sensor technology so that if the car moves out of the parking space the meter is reset. He noted that the company was able to charge different rates for cash vs. credit card, but might not be willing to do so.

Selectman Buckey stated that the solutions offered either a) overcharge some credit card users by charging a minimum, 2) overcharge cash customers to accommodate credit card fees sent to credit card companies, or 3) take back time sold to the person if they leave. He noted that one solution that wasn't offered was just to have everyone pay the actual cost. Cash customers would pay cash, and credit card users would pay slightly more or get less time to cover the transaction costs. While there are benefits to credit card meters, and they may generate more utilization, there are also costs that need to be addressed directly.

Ms. Fenner stated that businesses that take credit cards understand that this is the cost of doing business. She noted that one area that they may need to be careful with is that after speaking with a credit card processor, she learned that attempting to pass the fee back to a credit card customer was not legal. Ms. Fenner felt that the Town needs to worry about how to characterize the fee and make sure the legal aspect is covered.

Hydrant Systems

Chairman Christie stated that with regard to the hydrant fees, there is a desire to pass through savings to the Fire Fund immediately and find a way to pay this out of the water rates or user reserves. Chairman Christie stated that they could do nothing now and absorb it into the water rate over 2 years.

Ms. McClain stated that the full cost of the hydrant system is \$475,000 and they have been charging the Fire Fund closer to \$600,000. The proposal is to reduce the amount charged to the Fire Fund by \$75,000 and then leaving \$41,000 to further decrement the cost of the hydrant system in FY2015. She noted that on the Water Utility side, they would ease into this transition by tapping into the Undesignated Fund Balance. If they find that they don't need to draw from the Undesignated Fund Balance, they won't but they don't know what the impact of the new meters will be yet.

Chairman Christie clarified that there is adequate money in the Undesignated Fund Balance to absorb this additional \$40,000. Ms. McClain confirmed that there is. Chairman Christie stated that this would be his recommendation, to give total relief to the Fire Fund and to balance it on the Water Fund Undesignated Fund Balance. He noted that they will know better next year what the impact will be on the rates based on the additional revenues from the new meters.

Ms. Griffin read the following statement for the benefit of the viewing audience:

We are proposing to reflect the accurate cost of the hydrant system in the charge from the Water Utility Fund to the Fire Fund vs. transitioning over from the PUC tariffed cost (\$588,459) to a more accurate cost derived by DPW (\$472,716) in total in the coming year's budget vs. phasing this hit to the Water Utility Fund over two years. This reduction in Fire Fund cost (\$40,734) will be reflected in fewer Fire District #1 taxes to be raised, and the gap in the Water Utility Fund's Undesignated Fund Balance to allow for a more gradual adjustment of water rates to make up for this reduction in cross-charged revenue.

Ms. Griffin summarized that they would reduce the Fire Fund expenditures by \$40,734 and reduce the Water Utility Fund Undesignated Fund Balance Revenue by \$40,734.

Selectman Geraghty MOVED to Reduce the Fire Fund Expenditures by \$40,734 and Reduce the Water Utility Fund Undesignated Fund Balance Revenue by \$40,734. Selectman Buckey SECONDED the Motion.

Selectman Carter clarified that this transaction does not have an effect on the rate payers. Ms. McClain stated that by adopting the budget, they are not adopting any change in water rates. The water rates will change in June and the proposed budget does include a 2.5% increase. Chairman Christie noted a decrease in the Fire District Tax. Ms. Griffin confirmed that the Fire District tax goes down. Chairman Christie stated that \$40,000 is 1/2% on the tax rate but it gets blended in the Fire District Tax. Ms. McClain was unable to access the information to determine the blended rates during the discussion.

THE BOARD VOTED UNANIMOUSLY TO REDUCE THE FIRE FUND EXPENDITURES BY \$40,734 AND REDUCE THE WATER UTILITY FUND UNDESIGNATED FUND BALANCE REVENUE BY \$40,734.

Lebanon Street Water Main Replacement

Ms. Griffin stated that the estimated cost for the Lebanon Street Water Main Replacement is \$250,000. She noted that there is 48.94% in Undesignated Fund Balance in the Water Fund but they know that there are \$8 million in water line upgrades that they will need to handle in the future.

Selectman Geraghty MOVED to Appropriate \$250,000 from the Water Fund Undesignated Fund Balance for the Lebanon Street Water Main Replacement. Selectman Buckey SECONDED the Motion.

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Chairman Christie gave a history of the Lebanon Street water main and the breaks that keep occurring in that area; it was noted that some of the older lines were installed in 1898 and some of the newer lines are the ones that are having issues.

Selectman Carter asked if this was going to put more pressure on labor costs. Mr. Kulbacki stated that this is fully contracted.

Vice Chairman Rassias asked why the Undesignated Fund Balance is so large. Ms. McClain stated that there had been a full year of debt service budgeted and due to the timing of the transaction the Town saved a whole year of principal and interest and put it immediately in undesignated reserve.

THE BOARD VOTED UNANIMOUSLY TO APPROPRIATE \$250,000 FROM THE WATER FUND UNDESIGNATED FUND BALANCE FOR THE LEBANON STREET WATER MAIN REPLACEMENT.

Ms. Griffin stated that she would issue a final set of numbers as part of the pre-town meeting so the Board can adopt a specific figure. The Board would need to vote tonight to approve the amendments.

Chairman Christie MOVED to Approve the Budget for FY2013-2014, As Amended. Vice Chairman Rassias SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BUDGET FOR FY2013-2014, AS AMENDED.

Budget guidelines

Chairman Christie wanted to go through the budget guidelines. He stated that the Town's impact is 1.72% and then they needed to add the downshifting costs. Ms. Griffin stated that starting with a 3.40% tax rate; they have reduced it by 1.43 by using \$120,000 out of the Undesignated Fund Balance. Ms. Griffin stated that they reduced it by .25% by eliminating the funding for the Verona sidewalk (\$19,500) and they know that there will be a savings to the Fire Fund although the amount is unknown at this time. She noted that they needed to add 1.63 for the State downshifting so they are looking at a rate of 3.35%.

Tax Rate	3.40%
Undesignated Fund Balance	(1.43)
Eliminating Verona sidewalk	(.25)
Unknown savings to the Fire Fund	(<u> ?</u>)
	1.73%
Plus State downshifting	<u>+ 1.63%</u>
	3.35%

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Chairman Christie stated that one of the goals over the years is to try to manage the tax rate increase within the general CPI. He noted that the CPI does not represent in any way, shape or form an index of the Town's costs but they keep the rate of increase for the tax bill in proportion to what taxpayers pay for other costs during the year. He noted that the New England CPI for this period was 1.3% so the Town's impact at 1.72% was close.

Chairman Christie stated that it is his sense that this guideline has served them well. He stated that the second objective was to discuss staff noting that this is not a negotiation year and all commitments have been honored and they are funding a study to check the competitive salary and benefits costs. He noted that the third objective was to maintain a high level of current service and provide them effectively and he feels that they have accomplished this. There are many items level funded in this budget in order to accommodate this. Chairman Christie stated that another goal is to fund long term liabilities and although they have not done this they recognize that they need to look at a new model to achieve this. He stated that they are using operating reserves to manage the tax rate. In this budget they are using \$120,000 of it and are following the policy to get it down to 10% over 2 years.

Chairman Christie wanted to thank staff and Department Heads for their tremendous efforts.

3. RECOMMENDATION TO SET PRE-TOWN MEETING PUBLIC HEARINGS FOR MONDAY, APRIL 1ST AND MONDAY, APRIL 8, 2013.

Chairman Christie MOVED to Set Pre-Town Meeting Public Hearings for Monday, April 1st and Monday, April 8, 2013. Selectman Carter SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO SET PRE-TOWN MEETING PUBLIC HEARINGS FOR MONDAY, APRIL 1ST AND MONDAY, APRIL 8, 2013.

4. ADMINISTRATIVE REPORTS.

Ms. Griffin will be focusing on the Town Report and publicizing Town Meeting. She noted that the press tends to forget about the May Town Meetings because so many others take place in March.

5. SELECTMEN'S REPORTS.

There were no Selectmen's reports.

6. OTHER BUSINESS.

There was no Other Business.

7. ADJOURNMENT.

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

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:40 P.M.

Respectfully Submitted,

Nancy A. Carter, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Chairman Christie MOVED to Remove \$19,500 From the Budget for Sidewalk Construction. Vice Chairman Rassias Seconded the Motion.**

THE BOARD VOTED UNANIMOUSLY TO REMOVE \$19,500 FROM THE BUDGET FOR SIDEWALK CONSTRUCTION.

- 2. Selectman Buckey MOVED to Appropriate \$85,000 from the Reserve Fund for the Police Department Roof Replacement. Selectman Geraghty SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROPRIATE \$85,000 FROM THE RESERVE FUND FOR THE POLICE DEPARTMENT ROOF REPLACEMENT.

- 3. Selectman Geraghty MOVED to Fund \$250,000 from the Parking Reserve Fund for Parking Technology Improvements. Chairman Christie SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO FUND \$250,000 FROM THE PARKING RESERVE FUND FOR PARKING TECHNOLOGY IMPROVEMENTS WITH THE CAVEAT THAT THEY WILL MAKE A DECISION ON THE EQUIPMENT AFTER FURTHER DISCUSSION ABOUT CREDIT CARD CHARGES AND PARKING RATES.

- 4. Selectman Geraghty MOVED to Reduce the Fire Fund Expenditures by \$40,734 and Reduce the Water Utility Fund Undesignated Fund Balance Revenue by \$40,734. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO REDUCE THE FIRE FUND EXPENDITURES BY \$40,734 AND REDUCE THE WATER UTILITY FUND UNDESIGNATED FUND BALANCE REVENUE BY \$40,734.

5. **Selectman Geraghty MOVED to Appropriate \$250,000 from the Water Fund Undesignated Fund Balance for the Lebanon Street Water Main Replacement. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROPRIATE \$250,000 FROM THE WATER FUND UNDESIGNATED FUND BALANCE FOR THE LEBANON STREET WATER MAIN REPLACEMENT.

6. **Chairman Christie MOVED to Approve the Budget for FY2013-2014, As Amended. Vice Chairman Rassias SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BUDGET FOR FY2013-2014, AS AMENDED.

7. **Chairman Christie MOVED to Set Pre-Town Meeting Public Hearings for Monday, April 1st and Monday, April 8, 2013. Selectman Carter SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO SET PRE-TOWN MEETING PUBLIC HEARINGS FOR MONDAY, APRIL 1ST AND MONDAY, APRIL 8, 2013.

8. **Selectman Carter MOVED to Adjourn the Meeting. Vice Chairman Rassias SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:40 P.M.