

FINAL

BOARD OF SELECTMEN'S MEETING

February 26, 2014

5:00 P.M. – MUNICIPAL OFFICE BUILDING – HANOVER, NH

The meeting of the Board of Selectmen was called to order at 5:00 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:

Chairman Christie noted that he asked each Department Head to provide their input regarding the drivers of the budget, what they are most proud of, their challenges and their concerns.

Parks and Recreation

Selectman Geraghty invited Hank Tenney, Director of Parks & Recreation, to speak to the Board. Mr. Tenney introduced Liz Burdette and Nicole Leonard.

Ms. Burdette stated that the drivers of the budget are connected to enrollment noting that all of their enrollment numbers have increased. In order to continue to expand their programs, they need to find more space. Not only have their numbers increased for their child care, mini camp and KAST programs but also their sports teams. Ms. Burdette stated that their adult classes, both art and education, have seen increased enrollment.

Mr. Tenney stated that one of the major costs for their budget are facility costs. Enrollment does influence their programs but facility costs are a major consideration. Ms. Leonard stated that the major increases in the camp budget this year are related to the addition of a field trip to the Dragonfly program. She stated that their numbers continue to increase. She stated that the Camp Quest only had openings for 10 children in the past and due to a huge demand last summer, they have increased enrollment to 30 children; there are additional costs due to additional bus transport costs for the field trip.

Ms. Leonard reported that they are adding a full time KAST staff member due to increased enrollment. She noted that they have been able to keep the budget the same without decreasing the programs.

Chairman Christie mentioned that it is his understanding that the school population is decreasing yet the Parks & Recreation Department is seeing an uptick in enrollment in their programs. Mr. Tenney stated that just in basketball alone this year they have increased by about 30 to 40 kids.

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Mr. Tenney reported that there are a lot of accomplishments that they are proud of including the new carpet and floor installation at the R.W. Black Center. He expressed his gratitude for Ross Farnsworth's work on this.

Mr. Tenney reported that Sherry Colfer does a wonderful job with scheduling, and they are proud that they have increased enrollment in all programs. He noted that Ms. Leonard jumpstarted the afterschool program, and they now have a waiting list.

Mr. Tenney reported that they have been able to stay under budget, and he thinks that the Fall Fest Appreciation Day in October was a huge success. This was an event that they came up with to replace the Haunted House. He appreciated the help of all of the other departments that were involved.

Mr. Tenney stated that he appreciates the Public Works Department and their on-going help and expressed his gratitude to Peter Kulbacki. Mr. Tenney expressed his appreciation for the Board of Selectmen and Julia Griffin for their support.

Mr. Tenney stated that his concerns surround the availability of facilities to accommodate the number of people that enroll in programs. He stated that they will continue to try to use the schools and other facilities in the community where they could offer different activities. He stated that they have saturated the opportunities at the Recreation Center so they now need to look at other areas.

Ms. Burdette stated that they had vacation camp last week and they served 35 kids every day and there was a waiting list of 8 and then there were others who didn't place themselves on the list.

Selectman Geraghty noted that the Fall Fest Appreciation Day was an outstanding event but the challenge was parking. Mr. Tenney stated that the Pond Party is an example of an event that they needed to start shuttling people in.

Selectman Geraghty recognizes the challenges with the use of facilities and this is something that they will need to focus on this coming year. Mr. Tenney expressed his appreciation for Jonathan Brush at the School District who has supported their efforts to find facilities for their programs.

Chairman Christie noted that the Parks & Recreation Department run programs that are supported by user fees. He thanked the members of the Parks & Recreation Department for their presentation.

Public Works

Selectman Carter asked Peter Kulbacki, Public Works Director, to introduce the members of his staff who were present.

Mr. Kulbacki introduced Don Ware (Utility Engineer), Kevin MacLean (Water Reclamation), Don Foster (Fleet), John Dumas (Water Division), Ross Farnsworth (Building & Facilities Manager), Mike Chase (Operations Manager) and William Desch (Urban Forester).

Mr. Kulbacki stated that the Public Works Department consists of administration, highway, fleet, and buildings and grounds. The drivers of the budget are the cost of materials especially fuel, and the weather impacts their budget significantly. He noted that last winter wasn't bad but this winter made up for it. He stated that another challenge are ongoing changes to regulations. Mr. Kulbacki stated that they respond to citizens' requests and have had more requests for sidewalks and requests from the Bike & Pedestrian Committee. He stated that there aren't a lot of major changes to their budget, but they know that there will always be weather events and as long as they keep up with regular preventative maintenance, they shouldn't have major changes. Mr. Kulbacki stated that the Town has done a good job with infrastructure maintenance which results in fewer capital costs. He stated that one accomplishment is the amount of snow that they have to move each year which if left untouched would be a problem for the Town.

Mr. Kulbacki reported that the Ruddsboro Road bridge (#2) was replaced last year after it was red listed. Mr. Kulbacki explained that when a bridge is "red listed" by the State it means that it needs repair soon. Every bridge is different and a bridge can be on the "red list" for a number of years. Mr. Kulbacki stated that they have extended the lives of some roads and bridges by eliminating trucking in the area. If a bridge gets to the point where it is too unsafe to use, it would have to be barricaded, replaced or removed.

Mr. Kulbacki noted other accomplishments including solar crossing lights; finishing street lights at the intersection of Park & Summer and there is only one left to be replaced; and they are in their 32nd year as Tree City USA.

Mr. Kulbacki stated that his concerns surround the weather related events. He is also concerned about the volatile price of fuel which affects the pricing of materials; he noted that they provide materials to other departments and they have to figure out how to make it work. There have been discussions with other departments when the cost of fuel increases and those departments have been good at looking at funding options within their budgets.

Mr. Kulbacki noted that in looking at the Capital Improvement Program (CIP), he can see the inventory of capital equipment and infrastructure and an overview of the funding challenges coming in the next few years.

Selectman Carter noted that Mr. Kulbacki has presented a lean budget and in doing so she questioned whether there were specific areas that he is concerned about such as the bridge replacement schedule and the funding requirements for paving. Mr. Kulbacki stated that there is a projected decrease in the price for asphalt for next year which is one way to help them meet the funding goals; they level funded the number of tons so they should be able to save money in that line item. Mr. Kulbacki stated that when they push off funding for other items, it will cause problems in future years.

Chairman Christie noted the change in the paving budget from \$581,000 to \$573,000 and clarified that it is a function of price and not quantity. Mr. Kulbacki stated that this is true as it is the same quantity as the current fiscal year but at a decreased cost. Ms. Griffin stated that Mr. Kulbacki originally requested an appropriation \$11,513 higher than what was presented in order

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to more fully fund the \$33,862 amount for the paving budget. This is an item that they could restore this amount which would bring them 1/3rd toward the full amount.

Chairman Christie noted that there was an increase in that line item last year to try to reach the goal of fully funding the paving budget. Ms. Griffin stated that there was an additional \$40,000 that they were trying to get to over the next 2 to 3 years and that this is step 1 of a 3 or 4 step process.

Selectman Carter asked about how the funding level impacts the short term and long term costs. Mr. Kulbacki stated that the goal is to keep the roads at a manageable level so that they are not in need of total replacement.

Selectman Carter asked if he has concerns about this winter. Mr. Kulbacki stated that when looking year to year it is too hard to predict too far out as the things that they are currently experiencing couldn't have been predicted. Mr. Kulbacki gave an example of the section of Lyme Road from Park Street to the Roundabout and when it comes time to repave that section, they could narrow the road and build a mixed use path which would accomplish one part of their plan. Without the plan being completed, he is nervous about continuing to crack-seal the roads as the moisture and rapid temp changes affect the pavement.

Chairman Christie asked to add the \$11,513 to the paving budget to the list for further discussion. Chairman Christie stated that every year that they underfund the paving budget they will be falling further behind. Ms. Griffin stated that they are starting to catch up unless the pricing increases.

Vice Chairman Rassias asked if the sidewalk tractor listed under capital costs actually cost \$120,000. Mr. Kulbacki clarified that the actual cost is around \$130,000. He stated that this piece of equipment is not as durable as they would like it to be. Mr. Kulbacki stated that there are a lot of electronics involved, and when the equipment fails, it is catastrophic.

Vice Chairman Rassias asked about the smaller tractor that is used on the Ledyard Bridge. Mr. Kulbacki stated that the smaller tractor doesn't cover as much area and it has lower horsepower and can't move the amount of snow that the other 2 tractors can handle. Vice Chairman Rassias asked how they could handle this if they expand their sidewalk footprint. Mr. Kulbacki stated that they are looking at a small loader that could handle some of the sidewalk and wouldn't require the addition of more staff. Mr. Kulbacki stated that there aren't a lot of choices; wear and tear is harder on this equipment and it's different than adding a road to plow. He noted that this equipment sits in the summertime and this creates maintenance issues. They have been looking at equipment that has multiple uses but this adds to the cost.

Vice Chairman Rassias recalled discussing this during the last budget session surrounding the request to add an additional sidewalk. He noted that the Chair of the Hanover Bike & Pedestrian Committee was present and he asked about how Public Works is incorporating ideas that come forward from the Committee. He recalled that they realized an overall cost savings when they incorporated bike lanes on Park Street when this was due for repaving.

Mr. Kulbacki stated that he has been an advocate of developing a Master Plan with the Bike & Pedestrian Committee so that they have a specific plan for sidewalks and bike lanes. This would be helpful when they are looking at repairing or repaving a specific road and they can take that into consideration. He stated that when they look at purchasing equipment, he will be looking at how it could benefit multiple departments to save money.

Chairman Christie reported that the Public Works budget is one of the Town's largest budgets at \$3.5 million and unlike other departments where 90% of the expenses are personnel related; in this budget it is 45%. He stated that their budget is squeezed in the area of equipment and materials when cuts need to be made.

Selectman Carter stated that he was impressed with everyone on the team in the way that they reach out to other departments to make sure that they are maintaining generators, keeping up with vehicle maintenance and, building materials. The department sets the tone that they need to work together. She noted his ability to track the costs and she feels this is a win-win for the Town. Mr. Kulbacki noted that the first word in their Department is Public and this is everyone who they serve.

Vice Chairman Rassias asked about the CIP document and how this will be kept up to date. Mr. Kulbacki stated that they will update this yearly and each department will need to continue to provide the information about equipment. Ms. Griffin noted that there are pictures to match the equipment so that everyone is clear about what exactly they are discussing. Mr. Kulbacki noted that it is his hope to ultimately upload this document to the Town website.

Capital Improvements Program (CIP)

Selectman Carter asked Mr. Kulbacki to address the Capital Improvement Program. Mr. Kulbacki stated that the costs of materials, weather and regulatory changes affect this budget. The economy is also a factor for example, when the cost of steel increases the cost of vehicles do as well. When they purchase equipment, they need to determine how long it will last and the potential cost of replacement. The biggest accomplishment of the year was putting together the CIP plan; he estimates that he spent 200 hours formatting pictures for the document and gave credit to a lot of people who spent time taking pictures out in the field. Ms. Griffin stated that she really felt that having the pictures included was important. Mr. Kulbacki was able to start looking at what they should be spending on a specific piece of equipment on an annual basis. He noticed that there are funds that have shortages in certain years and surpluses in others and he felt that there might be a possibility to combine funds.

Chairman Christie noted a list of underfunded items. He asked if the funds can be merged as they are currently segregated by categories of equipment. Ms. McClain confirmed that the funds are segregated but what they are talking about is looking differently at the combined annual reserve funding. Maybe putting \$90,000 into bridge replacement and only \$10,000 in the building and then in a couple of years switch it around. Chairman Christie confirmed with Ms. McClain that once the money is put in, it can only be used for that appropriation. Ms. Griffin

stated that timing is up to the Board. Mr. Kulbacki distributed additional information to the Board regarding the funding over an 11 year period.

Chairman Christie noted that the objective is to fund capital reserves at 100% and asked how close they are to reaching that goal. Ms. Griffin thought they were underfunded by \$200,000 but Mr. Kulbacki stated that taking into account the fluctuations it would be closer to \$169,000. Ms. McClain wasn't sure they could do this accurately without an end-date. Chairman Christie felt that looking at 10 years might be helpful.

Mr. Kulbacki stated that there are things that maybe shouldn't be in there; items that were either too big or too small. Chairman Christie asked if they considered a figure such as \$500,000 in which they choose to bond instead of purchase. Mr. Kulbacki did not take that into consideration when preparing the document.

Ms. Griffin felt that one example would be a bridge replacement at \$230,000 and whether they should bond for that instead of trying to fund it from the reserve. Ms. Griffin stated she assumed that they would pay it with cash which is why the suggested contribution to the reserve is so high. She noted that in the past they bonded for the dispatch center improvements which is why they created the dispatch center reserve because they don't want to have to do that again. Ms. McClain noted that they grant fund projects such as the major fire radio system, and there has been no planning to reserve for the replacement of this. Chairman Christie asked for them to try to look at 10 years and determine how close they are to 100% funding. Ms. Griffin noted that Mr. Kulbacki provided a chart for 11 years which indicates the years where they would be underfunding the reserves.

Mr. Kulbacki stated that the CIP equipment list includes this year's price. Ms. McClain noted that the price out 5 years from now does not include the inflators and years ago when the reserve funds were earning interest it wasn't a factor but this is no longer the case.

Mr. Kulbacki noted that the following costs were not correct in the budget materials:

- The cost for the sidewalk tractor costs \$130,000 (not \$120,000);
- The cost for Truck 15 should be \$92,000 (not \$65,000);
- Consequently, the appropriation in the withdrawal from the highway construction and maintenance equipment capital reserve should be changed from \$330,000 to \$377,000; and change the appropriation of capital equipment in the DPW budget from \$330,000 to \$377,000.

Ms. Griffin stated that the change in these withdrawals from reserves resulted in no tax impact.

Town Properties

Ross Farnsworth, Building and Facilities Manager, was present to speak to the Board. Mr. Kulbacki stated that the drivers of the budget are the price of fuel and utility costs although they should see savings when they go to the market for electricity. He noted that over the last year Mr. Farnsworth has taken time to look at all of the facilities, the uses of the buildings, the costs

to maintain them and the lifecycle costs (carpets, painting, etc.). He reported that there were not a lot of major changes to the budget. The Etna Library was a large capital project that has been completed.

Mr. Kulbacki stated that the solar hot water project at the public safety building was completed last year. He did provide a breakdown of utility costs to account for facility program changes such as having the Howe Library open on Sundays and the Black Center offering showers for hikers, etc. He noted a spike in electricity costs due to electric heat at Summer Park which is hard to control. Mr. Kulbacki noted a steady decrease in the consumption of water over the last 20 years.

Mr. Kulbacki noted that the consumption of fuel in gallons per degree day has steadily decreased. Chairman Christie noted that the per degree day was cut in half. Mr. Kulbacki stated that this is due to the energy efficiency initiatives including switching out to LED lighting, heat pumps for the 2nd floor of the Town office, and efficient windows for the Public Works building. Chairman Christie noted the increase in propane use. Mr. Kulbacki reported that they have switched out heating sources from oil to propane and stated that the Fire Station uses both types of fuel. Mr. Farnsworth stated that they have significantly reduced their fuel oil consumption in the past 3 ½ years.

Selectman Carter asked about the Howe Library. Mr. Kulbacki stated that the north side of the roof on the older portion of the building is starting to fail and he provided options for full replacement and partial replacement. He stated that if they do the replacement in one year the cost is \$106,000 but if they do this over two years it will cost \$111,000 or potentially more if material costs increase. Chairman Christie felt that this might be an area that they try to fund more aggressively. Selectman Geraghty felt that fixing this all at once makes sense to save the additional \$5,000.

Ms. McClain will add this to the list for further consideration modeling out how to achieve the complete repair of The Howe roof and pay for it out of the existing capital reserve. Ms. Griffin pointed out that even with taking out \$120,000 out of undesignated fund balance (UFB) there is an additional \$63,000 available to still keep the UFB above 10%. Selectman Carter asked whether this project would be completed by Town staff. Mr. Kulbacki stated that this project is too large so they would hire out for this.

Chairman Christie asked whether they had additional information regarding the solar panels at the Police Department. Mr. Farnsworth stated that he has purchased a machine that will give them the ability to monitor the usage. He noted that at the Black Center in the summer, the solar panels saved a lot of fuel this summer for thru-hiker showers, and at the Fire Department the ambulances need to be washed with hot water. He will have more information about the savings at the Police Department next year. Chairman Christie heard that a golf ball damaged the solar panels. Mr. Farnsworth confirmed that one golf ball damaged 2 solar panel tubes last summer.

Vice Chairman Rassias asked why they are seeing an improvement in kilowatt hours with the streetlights. Mr. Kulbacki reported that they changed the wattage to lower wattage streetlights;

the bulbs were changed out from the old mercury vapor bulbs to the high pressure sodium bulbs which reduced the wattage by half while still producing the same amount of light.

Vice Chairman Rassias asked if they have had any luck negotiating with Liberty Utilities. Ms. Griffin stated that Liberty Utilities has petitioned the Public Utilities Commission (PUC) to allow for an experimental program where the Town would be utilized as their guinea pig for replacing the non LED bulbs in streetlights with LED fixtures. She anticipates that the process through the PUC would take about 9 months. Vice Chairman Rassias noted that this has already been completed in Norwich and Hartford.

Vice Chairman Rassias noted the Parking Facility electricity reductions which were due to changing to LEDs. Mr. Farnsworth mentioned that the LED lights make his job easier because they last so much longer; he used to have to change 2 bulbs a week in the garage.

Chairman Christie noted that they have tried to put \$50,000 each year toward sustainability measures and this year they are setting aside \$33,000. Ms. Griffin stated that it was on her list of things to cut. Chairman Christie would like to add this to the list for further discussion. Mr. Kulbacki noted that this was cut last year from \$50,000 down to \$12,000 to fund another initiative. Ms. McClain noted that Mr. Kulbacki and Mr. Farnsworth have developed a list of energy efficient projects that would be funded with the \$50,000.

Chairman Christie asked if the \$33,000 would cover specific projects. Mr. Farnsworth had a list of projects that would provide savings to the Town which came to over \$50,000 but covered a period of years. Mr. Farnsworth stated that the efficiency projects that he has planned are something he is very excited about and would advocate for full funding.

Selectman Carter asked Mr. Farnsworth if he would share his list. Mr. Farnsworth gave the following examples: heat pumps for the town office; windows at Public Works (currently single pane glass); radiant floor heat at the Etna Library would get rid of the hot air system; insulating Town Hall; LED lights at the Richard W. Black Center, Town Hall and Howe Library; address the oversized heating facility at The Howe Library by updating one of the boilers to a propane system; LED lights at the Fire Station in the bays; insulation of the top floor at the Fire Station; redesigning the lighting at the Police Department; and to install motion switches throughout the Town facilities.

Selectman Buckey asked if Mr. Farnsworth had explored any Geo Thermal opportunities. Ms. Griffin stated that they are looking at that as a possibility for the potential new gymnasium addition and the surrounding complex. Mr. Farnsworth stated that Geo Thermal is expensive up front, but it's certainly worth looking at for long term solutions especially for new construction.

Water Reclamation

Kevin MacLean jointed Mr. Kulbacki to present this budget. Mr. Kulbacki stated that one big driver of the budget for Water Reclamation is related to the regulatory updates. They recently met with the State and EPA, and it went better than they thought it would. He noted that the regulatory environment is difficult because they tend to use standards that don't meet their

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regulations. He has noticed a steady decrease in water consumption in Hanover since 1992 at a reduction of 30%. Mr. Kulbacki felt that this is partially due to renovations and people making an effort to conserve water.

Mr. Kulbacki reported that one of the biggest changes to the Water Reclamation budget was related to the fact that their facility is no longer under construction. He felt that they should have a short term reprieve on some maintenance costs as most equipment is under warranty.

Mr. Kulbacki stated that the biggest accomplishment in the past year was the completion of construction. They are exploring the use of methane and whether they can use this with the heat exchanger which may require additional funding but would provide better heat for the facility.

Selectman Buckey asked about the methane and whether they making more than they can use. Mr. MacLean stated that they are making more than they can use, and 10 to 20 degrees is being used from the loop. Ms. Griffin stated that Ross Farnsworth is working with them to look at modifications to the building that would enable them to better use the methane for heat. Mr. Kulbacki noted that they used to use 15,000 gallons of heating oil to heat the digesters which isn't being used anymore. Selectman Buckey asked if it's possible to save the methane in some way. Mr. MacLean stated that it is possible but the return on investment made it cost prohibitive.

Mr. Kulbacki stated that another accomplishment is that they haven't had any violations at the plant. He stated that their biggest concerns surround the regulation requirements. He noted that aluminum is a naturally occurring element but it is now being limited in the permits being issued; there are some struggles with how to quantify what the requirements will be, and there is not a lot of guidance for planning.

Ms. Griffin stated that there is a fair amount of tension between DES and EPA with respect to wastewater discharges into water bodies and this could mean significant costs for enhancements to the plant. Selectman Buckey asked if there is money to help defray the costs associated with the enhancements. Ms. Griffin stated that generally there is not, but sometimes there is a break on the interest payments.

Selectman Buckey asked about solar power. Mr. Kulbacki stated that they are looking at a solar project at the water facility.

Chairman Christie stated that it's great to have the construction finished on these large projects.

Water Department

John Dumas was present to speak to the Board. Mr. Kulbacki stated that the drivers to the budget for the Water Department are related to repairing the older system and the cost of chemicals used to treat water. He noted that there were no major changes in the budget. He stated that they have been working on the CIP and one big project is to look at the infrastructure and pipelines under the street. Mr. Kulbacki reported that some of the lines are 120 years old and although some are okay, some are not. The goal is to do an overview and assessment of the lines so they can put together a strategy for addressing this.

Mr. Kulbacki reported that staff are almost done replacing all of the meters. He noted that they have made great strides and the new metering system works; he estimates that there are less than 50 meters to be installed. He reported that they are able to tell when someone has a leak with this new technology and noted that there was a learning curve to this upgrade. Selectman Geraghty asked how many were installed. Mr. Kulbacki stated that there were 1,927 new meters installed; 150 customers are only on the wastewater system but have their own well.

Mr. Kulbacki stated that their concerns surround the old distribution lines and the fact that they can't predict when/where there will be a failure. They have some hydraulic problems but they don't have as many water quality issues. He noted that some of the pipes were installed during WWII and are in terrible shape. Mr. Kulbacki reported that they are doing the research on the 35 miles of pipe. Ms. Griffin stated that this was an investment that the Town promised to address.

Mr. Kulbacki reported that there are 3 large loan payments built into the budget and in the future when these are repaid, this capacity could be a bond payment. Selectman Buckey clarified that they could bond water line replacements in the future once the loans are paid off. Ms. Griffin would like to mirror the water line replacement schedule with the repaving schedule.

Mr. Kulbacki stated that consumption has decreased, but he expects it will increase over time. Irrigation water is not used as much anymore by the College; some of the buildings have efficiencies; people are upgrading to low flow fixtures and as they find that they are better able to track problems, they don't have to run water as long to flush systems.

Mr. Kulbacki reported that a one ton utility truck should have been included in the budget at a cost of \$40,000. Ms. Griffin noted that this is offset by the reserve.

Chairman Christie asked if there would be an increase in water rates. Ms. McClain stated that they will get a better feel for this when they prepare the next billing. She stated that with the replacement of the larger capacity meters in the industrial buildings it should be capturing lower flows that were not previously being billed. She anticipates a modest increase.

Chairman Christie noted that the operating budget is short \$190,000. Ms. McClain stated that they need to appropriate this amount just in case there is not increased flow captured for billing. Chairman Christie stated that most of the meters are in place so they must be getting some good data and then they can base the rates on this and hope that they don't have to use \$190,000 in fund balance. He stated that he would rather that they look at more aggressive user rates versus using the fund balance.

Mr. Kulbacki stated that he has been working on efforts to join the New England power pool as a direct consumer before July 1st. He noted that he has been working with a couple of developers on solar projects and they will likely recommend a project that will result in no increase in cost which will pay for itself over a short period of time. Another project would allow them to go to 1 megawatt per consuming meter where they could build a facility that serves other meters provided they use more than they make so they can offset the cost of energy to reduce the bill; it's a longer term project that will probably take 3 or 4 years. Mr. Kulbacki noted that this

project involves the PUC process and is investor driven and is fairly complicated. Ms. Griffin stated that the Town would negotiate a power purchase agreement for a small solar farm near Reservoir #1.

Chairman Christie stated that if they need to raise \$192,000 in water customer billings that is 12% more which is a lot. In looking at the history there was a large jump in billed revenues in 2014. Ms. Griffin clarified that they budgeted in anticipation of the increases for the new meters. Mr. Kulbacki stated that some of this is weather driven and during a dry summer there is a lot more water use.

Chairman Christie was trying to determine the need for the higher rates. Mr. Kulbacki stated that they cut the transfer from the Fire Fund which drove the cost. Ms. Griffin stated that it was around \$75,000 and they had fewer water connection fees from Dartmouth. Chairman Christie felt that they should look at this again when they set the rates. Chairman Christie had concerns about what happens if they put \$190,000 into revenues and then came up short. Ms. McClain stated that this happened in 2013 with a shortage of \$164,000. She noted that this automatically draws from fund balance and it is clear that they are not currently generating enough water billing revenue.

Chairman Christie felt that they might want to consider not appropriating funds from undesignated fund balance in advance and then see how it works out. Ms. McClain stated that this would also alert the public that there is a potential larger increase. Chairman Christie wants the Town to charge the rates that they need to in order to keep this functioning.

Chairman Christie thanked Mr. Kulbacki and the member of DPW for their presentations.

Fire Fund

Vice Chairman Rassias asked the Fire Captains to introduce themselves and state what their duties are for the Department.

Captain Michael Gilbert introduced himself and stated that he is responsible for operational equipment, vehicles and buildings. Captain Michael Hinsley introduced himself and stated that he is responsible for emergency medical services and technical rescue. Captain Jeremy Thibeault introduced himself and noted that he is in charge of training. Captain Bert Hennessey introduced himself and stated that he is in charge of communications and municipal fire alarm systems.

Vice Chairman Rassias stated that they are in the middle of the search for a new Fire Chief and expressed the Board's appreciation for all of their hard work over the past few months.

Captain Hinsley stated that the search for the Fire Chief replacement is underway, and the Captains have had the opportunity to work closely together in the interim. He noted that there is an overall decrease in the Fire Fund due to the lack of capital expenditures. He stated that they purchased a pumper and utility truck in the current year and much of the decrease has been offset

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by planned improvements in the proposed budget such as paving for the Lyme Road facility and the Etna station.

Captain Hinsley reported that they were looking at different ways to fund fleet and buildings that have otherwise been taken care of out of the General Fund and are now more accurately reflected as coming out of the Fire fund. Ms. Griffin stated that the labor costs and benefits are being allocated to all of the funds and not just the Fire Fund.

Captain Hinsley stated that the budget was put together to support current operations and already established programs and to allow for a new Chief to come in and transition.

Captain Hinsley stated that the major change over the past year is that the Fire Chief retired after 27 years and after serving the Town for 44 years.

Captain Hennessey stated that one accomplishment is that a member joined the Air Force Reserve as an explosive ordinance disposal technician. They are proud of his commitment to the Country and thanked the Town for their support for him going back in the Air Force. They are also proud of their Honor Guard which has traveled around the State representing the Town in a professional manner.

Captain Gilbert stated that this past year they purchased 2 vehicles and they are proud of the job they did with this, especially researching what they actually needed in terms of vehicles. The first vehicle replaced was Car 2 which was a 4-door pickup truck with a normal bed on the back. They noticed an increase in major storm events including thunderstorms so they took delivery of a 4-door pickup that has a utility flatbed to carry tools and equipment. Captain Gilbert reported that they worked closely with highway and equipped the truck with barriers, cones, barrier tape, chainsaws and Speedi-Dri so that they are better prepared to close roads when there are wires down, etc.

Captain Gilbert stated that there was a slight decrease in call volume. He stated that they too have seen a decrease in alcohol-related calls as Captain Moran had highlighted as part of the Police Department budget hearing. He noted that they didn't have as many wind events last year either.

Captain Gilbert stated that the second vehicle that they purchased was a fire engine for the Etna Fire Station. The truck will arrive in late spring or early summer and would be able to carry just over 1800 gallons of water which will better serve the Etna community. Captain Gilbert noted that Etna historically had 2 engines in service and he had discussions with Don Foster and determined that it wasn't cost effective to maintain a second engine. The truck that they are purchasing will improve the water capacity while reducing their fleet overhead. He is pleased with the way they looked at this and approached this problem. Captain Gilbert stated that they looked at what this truck can provide for the next 20 years which was a daunting task, but he feels that the truck will support them through that timeframe.

Captain Thibeault reported that in the last year they hosted the IAFF Fire Ground Survival Course which is the premier firefighter safety program in the world. This was hosted with some

funding from Upper Valley Mutual Aid and they brought in firefighters from the immediate response area to provide them with the training; they hosted a radiological transportation emergency program to support the radiological programs going on at Dartmouth and Dartmouth Hitchcock; they completed their 4 year plan to upgrade their training level for all personnel for high angle rescue capabilities.

Captain Thibeault reported that with the Chieftain and Gilman Hall being vacant, this provided a ton of opportunity using fixed training facilities.

Captain Thibeault reported that they hired two new employees who are currently in their probationary period. He reported that all of their staff have transitioned to the new EMT standards so all of the EMT Intermediates have since become Advanced EMTs. He noted that the National Standard needed to be completed by 2017 so they are well ahead of schedule and ahead of the national average.

Captain Thibeault stated that their most significant accomplishment was working together more closely and supporting Julia Griffin in her role as Acting Fire Chief and trying to keep the transition to the new Chief as seamless as possible.

Captain Hennessey stated that their concerns about the budget is determining how they can create a budget that meets their goals and problems and still provide the new Fire Chief with money for his vision. Another concern is trying to accurately project the budget when salary negotiations are on-going.

Chairman Christie noted that they held an impressive retirement party for their Chief.

Vice Chairman Rassias stated that the budget is straightforward and basically level funded. He noted that the Undesignated Fund Balance will sit at 8.84% after the appropriation of \$119,000 for paving. He felt that this is an appropriate use of the funds.

Captain Hinsley stated that some of the paving was done when the building was built in the '70s so it's not really a recurring expense. Ms. Griffin stated that the paving is significant due to the large apparatus that is driven over it so they need to take the pavement down to below the gravel level.

Vice Chairman Rassias asked about the Interdepartmental Charges line-item in the amount of \$253,284. Ms. McClain stated that there's a charge for a portion of General Administration costs of \$155,000 which is down from \$157,000; this line also includes the dispatch center allocation in the amount of \$32,368 up from \$31,368 and charges from fleet maintenance at a rate of \$57,349 which is up from \$37,700. There is also now a new line-item which includes charges from Public Works for winter maintenance in the amount of \$8,389 (for plowing fire hydrants).

Chairman Christie asked about the line item for Fire Inspection Services revenues of \$37,000. Ms. Griffin stated that Inspector Frankenfield has done inspections for years which were paid for out of the Fire Fund but the Town has not charged a fee for them. She is now recommending that they build in a fee for this and this will be part of the rate and fee discussions in June which

would offset the cost of the Fire Inspector position. Ms. Griffin noted that this would be for institutional and commercial inspections and not typically residential inspections. Captain Thibeault noted that there are State Laws in effect prohibiting them from charging for inspections for places of assembly.

Selectman Geraghty complimented the Fire Captains for stepping up after the Chief retired from the Department. He stated that once they get a new Fire Chief, one thing that all towns will be wrestling with is determining how to share equipment across town lines and State lines. He suggested looking at sharing training and equipment. Captain Hinsley stated that Hanover started a regional ambulance service in 1969. In 1973 they were responding to calls in Topsham and Corinth; they scaled this back due to cost and time restraints. He noted that all of the new regional efforts that are going on around the country have been done for decades in Hanover. Captain Hinsley stated that all of the EMS refresher training is being done in Lebanon and Hartford and it is costing less money and they are able to get more employees through the training.

Captain Hinsley reported that Captain Thibeault has been working closely with Lebanon and Hartford. He noted that Hartford has received funding from FEMA with tremendous resources so when they are looking to purchase equipment they model what the mutual aid towns are using so that they have the same equipment. Selectman Geraghty encouraged them to build on regionalization efforts and market this to make sure that people are aware of it.

Captain Thibeault reported that any department-wide trainings are open to the other two departments. Captain Hinsley stated that they respond mutually to fires so it is important that they train together as it is a regional response. Captain Thibeault stated that the only part that is not regional is funding.

Chairman Christie asked them about mutual aid especially for communities that are not fully staffed. Captain Hinsley stated that Lyme wouldn't necessarily come to Hanover to provide mutual aid and one might think that Hanover would go to Lyme to provide more help but the numbers don't play out. He noted that when Lyme calls for help, Hanover provides manpower but Lyme will get water from whatever water body is available. He stated that there isn't really an imbalance between the volunteer departments and Hanover.

Chairman Christie asked about the distance that Hanover may be called away to respond for mutual aid. Captain Thibeault stated that the mutual aid district runs from Windsor to Bradford, VT which is the area covered by the Upper Valley Emergency Services Association. He noted that this doesn't limit them and currently The National Mutual Aid Association is working on taskforces and they use interstates especially during large scale incidents. He noted that this year they are starting their 2 year plan on swift water and floodwater rescue and will be forming a team with Lebanon. There are 6 of them in the State and although it's not their intention to travel, when Hurricane Irene hit Keene's team traveled to Barre, VT; Hartford's team stayed in Hartford.

Chairman Christie felt that with the thoughts about regionalization he wondered what the incentive would be for smaller towns to fund their own public safety needs if they are going to be

receiving help for nothing. Captain Thibeault stated that mutual aid needs to remain mutual, but the current call volume sustains it and when resources are needed, the small departments are still resources. Captain Hinsley stated that the smaller department have specialized equipment to deal with situations that the larger departments do not currently have.

Ambulance Fund

Captain Hinsley stated that last year they replaced the cardiac monitor defibrillators and this year there are no planned capital expenditures. He noted that some of the decrease is the lack of purchases and there are more accurate tracking of costs for fleet maintenance to the ambulances.

Captain Hinsley stated that they are proud of the new Zoll AEDs and noted that this is a purchase that has actually saved lives. They have continued with the public access AED program with the police and with partners in Lyme and Norwich and particularly Dartmouth College. Captain Hinsley stated that the ratio of public access AEDs and Hanover has one of the highest in the nation. Selectman Buckley felt that everyone should know about this.

Captain Hinsley stated that the Ambulance Fund's challenges surround planning things out when there was a major change to the scheduling at Dartmouth. The volatility of the insurance market and how much they are reimbursing for ambulance services is another challenge. The Town is in a rural category so funding is stable but after July 2014 they can't really track this with the upcoming changes. He noted that they have looked at federal sites that contradict themselves as far as what their funding levels will be.

Chairman Christie asked about the billed services and how they charge users. Captain Hinsley reported that Hanover residents and non-residents are treated the same. If they transport someone from the scene to the hospital, they send the bill to the patient. Captain Hinsley explained that they are not accepting assignment through Blue Cross/Blue Shield because there was such a dramatic loss in revenue.

Chairman Christie asked what happens if they do not transport someone, for example, if they responded to the scene but did not transport the person to the hospital. Captain Hinsley explained that if they treat someone that does not require transport, they do not bill. If they treat someone at their home and they use medical equipment, they will bill for the supplies.

Chairman Christie clarified that they receive contributions from Lyme and Norwich. Ms. Griffin stated that this is used to make up the funding difference. Chairman Christie asked how the percentages are determined. Captain Hinsley reported that the community contributions make up \$356,000 out of the \$800,000 total fund revenues. He stated that they had conversations with Lyme and Norwich about the disallowable amounts from Medicare and Insurance Companies, and they determine a per capita rate each year.

Chairman Christie asked if it changes each year based on usage. Ms. McClain stated that this is based on total population of each Town's residents.

Captain Hinsley referred to a chart depicting the response percentages per town. The Town of Lyme is 9% of responses and Norwich is at 12% but their per capita fee is higher. Chairman Christie confirmed with Ms. McClain that the pro rata share stays fairly steady each year.

Captain Hinsley stated that the call volume can change. He gave an example of training the ski patrol which resulted in a reduction of emergency response calls. Captain Thibeault reported that this training reduced calls to the Dartmouth Skiway by 80%. Captain Hinsley stated that in that scenario they would often go to the Skiway and then not transport, which was costing the Town money.

Chairman Christie stated that in this budget they are short \$20,000 in revenue and the suggestion is to take it out of fund balance. Ms. Griffin stated that she and Ms. McClain suggested that they handle this shortage through fund balance. Chairman Christie stated that it seemed to him that they should pass this deficit on to the contributing towns.

Ms. McClain explained that the fund balance was built up over time partially by a pro-rata share of the contributions. She noted that the timing of Lyme and Norwich's Town Meetings works against the budget. Ms. McClain stated that they do have a good relationship but when the administrators of those Towns ask for budget figures for the Ambulance costs in October, she estimates that they should add 5%; adding the \$20,000 to be recovered through the community contributions means that Lyme, Norwich and Hanover's contributions will go up by over 10% versus the 4.26% that is in the budget. Ms. McClain stated that the dollar numbers are not that huge but part of the push to use the fund balance as opposed to bringing this forward through the community contribution is because our partner towns have already done their budget for next year.

Chairman Christie clarified that \$20,000 represents about 6% of the total contributions. He felt that when they are having this dialogue with the contributing towns next year, they need to let them know that they are already 6% in the hole and they should have discussions about FY 2016. Ms. McClain stated that when they have discussed this in the past, there are discussions about what the market can bear because there are other ambulance services that could take over the service. Chairman Christie acknowledged that there are competitive ambulance services but nobody will compete with the quality of Hanover's Ambulance service.

Vice Chairman Rassias asked about the mutual aid call volume for the ambulance. Captain Hinsley stated that this is for times when they are called to Lebanon, Hartford or Upper Valley Ambulance coverage areas.

Chairman Christie asked if there were any other items that the Board would like to put on the list for further discussion.

Ms. McClain noted that they added the Mascoma Valley Health Initiative and the discussion regarding the capital reserve funds in addition to the items on page 14 in their budget book. Chairman Christie stated that he was interested in the pooling of capital reserves to level out funding which could be significant. Ms. Griffin stated that by elongating the contribution by 11

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years it shows that they are short \$169,000 versus over \$200,000. Ms. McClain stated that they need to make sure that they are looking out far enough.

Selectman Buckey suggested that one option for the future was to use risk-based analysis (such as Monte-Carlo simulations used for retirement projections) to estimate the worst case and best case for expenditures in the future. Chairman Christie felt that using Mr. Kulbacki's spreadsheets they could run the scenario of what would happen if everything slipped by one year and then if everything accelerated by one year and what that would look like. Ms. McClain wasn't sure that they would be able to get this pinned down before finalizing this budget, but they will continue to work on this. Chairman Christie stated that changing the funding might not change the numbers. The key is to determine the shortfall and what that represents out of the total.

3. ADMINISTRATIVE REPORTS.

There were no Administrative Reports.

4. SELECTMEN'S REPORTS.

There were no new Selectmen's Reports.

5. OTHER BUSINESS.

There was no Other Business reported.

6. ADJOURNMENT.

Vice Chairman Rassias MOVED the Adjourn the Meeting. Selectman Buckey SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 8:35 P.M.

Respectfully Submitted,

Nancy A. Carter, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Vice Chairman Rassias MOVED the Adjourn the Meeting. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 8:35 P.M.