

FINAL

BOARD OF SELECTMEN'S MEETING

March 4, 2014

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

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

1. PUBLIC COMMENT.

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

2. 3rd BUDGET HEARING AND ADOPTION FOR PROPOSED BUDGET FOR FY 2014-15.

Chairman Christie stated that this was the 3rd night of budget hearings. The goal is to take all of the input from the previous budget presentations and ultimately adopt the budget.

Ms. McClain distributed the list for further consideration for the Board's review.

Ms. McClain stated that for the past couple of years the Mascoma Valley Health Initiative (MVHI) organization has come before the Board under the social service agency requests. The suggestion was made to incorporate the \$2,500 funding request into the Regional Health Program Support line-item.

Ms. McClain reported that another item for review was to add \$11,513 to provide additional funding for the paving budget.

Ms. McClain reported that there were two corrections made to the Highway Equipment Capital Reserve Fund and to increase the Highway equipment spending from \$330,000 to \$377,000 which results in no net tax impact.

Ms. McClain stated that there were some discussions about how they should handle the Capital Reserve Funds and if they increased the contributions by \$110,000, they would be fully funded.

Ms. Griffin invited Peter Kulbacki, Public Works Director, to speak to the Board about the reserve funds. She noted that they had spoken previously about the salt shed situation. The shed is old and has been shored up but it can only hold enough salt to cover 2 storms. Ms. Griffin stated that it is in the CIP to be replaced in 2017 but she was hoping to find a way to fund this from the reserve versus bonding and the cost could be over \$400,000.

Selectman Buckey asked if they were talking about replacing the salt shed next year. Ms. Griffin stated that the \$110,000 figure was to add to the capital reserve but does not include the salt shed; they would still look to replace the shed in 2017.

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Chairman Christie asked about the amount going into the capital reserves this year. Mr. Kulbacki stated that the contribution is \$460,000. Chairman Christie stated that without the additional \$110,000 they are funding at 75%. Ms. McClain stated that there are certain items in the CIP but the number proposed in the budget for General Fund contributions to capital reserves was \$528,500 which includes ballistic vests and firearms that are not included in the public works number as well as the property revaluation. Ms. McClain stated that if they add the \$110,000, the revised total is \$638,500.

Selectman Carter asked whether the salt shed will require repairs if they are not replacing it until 2017. Mr. Kulbacki stated that they have done repairs and reported that it is currently a 50x50 structure with a shed roof and wooden sides partway up on blocks. They use sand on one side to keep it from bulging out and a combination of salt and sand on the other side to keep it from falling over. He stated that they could tear it down and put something back up but it would still be too small.

Selectman Geraghty asked about additional costs in labor, the costs to fix it and whether they would be spending more in the long run. He also wondered if they would get a better price on salt if they could buy in bulk. Mr. Kulbacki stated that they are looking at concrete bin walls and a dome shape with a fabric top which can't be purchased in pieces. The salt they can purchase at good price but if they don't buy it upfront and have it delivered, they have problems with supply and demand.

Chairman Christie had concerns about the funds heading into the negative numbers in a short period of time. He confirmed that this includes the salt shed and to make it work over 10 years, they would need to add \$200,000 every year, starting with this year. Ms. Griffin stated that this is another 1% over the current tax rate. Chairman Christie stated that they end up with a balance of \$229,000 at the end of process and they don't know what that means in the future.

Chairman Christie stated that they have to do this every year to map things out. Mr. Kulbacki stated that prices will change over time and another option in an effort to bring the amount down would be to make a one-time contribution from the fund balance of \$125,000 which would decrease the level of contribution needed in the years after that. He reported that he hasn't looked out beyond the year 2015. Mr. Kulbacki stated that if they put in an additional \$125,000 upfront, they would be able to contribute \$168,000 annually versus \$200,000 annually to achieve this level of funding.

Ms. Griffin stated that using the \$125,000 from fund balance as mentioned, there would still be \$65,000 in additional undesignated fund balance beyond the 10% threshold in the General Fund. Vice Chairman Rassias noted that in looking out to 2025 it is pretty lean but the balances are in fairly healthy shape until then.

Ms. Griffin stated that they can choose to bond for the salt shed in 2 years. Vice Chairman Rassias noted that this is a big ticket item. Chairman Christie stated that they discussed bonding if it is over \$500,000, and this doesn't meet that threshold.

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Ms. McClain stated that another item on the list was to find alternative ways to fund the replacement of the Howe Library roof. She noted that from previous discussions it sounded like the Board wanted to fully fund this from the buildings capital improvement fund.

Ms. McClain reported that another item on the list was to reinstate the full funding of energy efficiency projects (\$16,565).

Ms. McClain stated that for the Fire Fund they wanted to discuss adding further funding to the capital reserve funds.

Ms. McClain reported that for the Ambulance Fund, they wanted to discuss addressing the \$20,000 shortfall and adding this to the community contribution discussion. She wanted to confirm that they were going to address this with those communities next year. Chairman Christie recalled that they were not going to deal with that this year.

Ms. McClain noted that although they did not add any additional items to the list for the Parking Fund, she suggested that they discuss adding \$18,000 to boost capital reserve funds in FY2016 after meter upgrades are complete.

Ms. McClain stated that for the Water Utility fund there were discussions about not using money from the undesignated fund balance. Instead, budget the amount of user fee revenue required to balance the fund and increase the user rates.

Ms. McClain noted that there was a correction to the appropriation withdrawn from the Water Plant and Equipment Capital Reserve Fund and an increase in Water Utility Fund equipment spending from \$81,000 to \$121,600 which resulted in no impact on user rates.

Ms. McClain noted another item to consider was to boost the Capital Reserve Fund by just under \$5,000. She suggested this item be taken up in FY2016 after post meter installation revenue assessment.

Ms. McClain reported on the impact on taxes if all of the items on the list were put into effect. The proposed tax rate was \$4.48 and with all changes would result in a tax rate of \$4.55 or an increase from .9% to 2.51%. She noted that in boosting the capital reserve in the Fire Fund, the “blended” tax rate would go from \$5.85 to \$5.99 or a 2.28% increase.

Chairman Christie asked the Board for their consideration on the items as listed. The Board agreed to discuss the \$20,000 deficit for the Ambulance Fund with the other communities at a later time but not as part of this budget. The Board agreed not to make any changes to the Parking Fund. The Board decided to take a wait and see approach with regard to the Water Utility Fund.

Chairman Christie wanted to have a discussion about the appropriate tax rate and then a discussion as to how they might allocate funds. His sense is that he would be comfortable in the 2.5% to 2.75% range. Selectman Buckey felt that they could stay at 2.5% and make progress

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toward funding the reserves. Chairman Christie felt that the 0.9% rate is a frugal bare bones budget, but they need to recognize that they would be underfunding some liabilities.

The other Board members felt that this approach was appropriate.

Chairman Christie would like to place the MVHI appropriation in the appropriate part of the budget and not as a separate item at Town Meeting. Ms. Griffin stated that this would be funded with the Health Officer funding. Chairman Christie stated that they aren't recognizing this as a social service agency but this is in line with a town expense. Vice Chairman Rassias wanted to make sure that this was not a charitable contribution. Ms. Griffin stated that this is similar to the support for the Regional Planning Commission in the Planning & Zoning Budget.

Chairman Christie stated that he would support adding funding to the paving budget. Vice Chairman Rassias asked Mr. Kulbacki to clarify for the viewing audience what would happen if they didn't fully fund the paving budget. Mr. Kulbacki stated that this pushes out the maintenance and ultimately they may have to end up reclaiming the road which will cost more money in the long run.

Chairman Christie was not as sure about adding \$16,000 for the energy efficiency projects. Vice Chairman Rassias stated that they have made a lot of progress investing in energy efficiency projects but the total of \$50,000 is relatively arbitrary. Chairman Christie noted that Ross Farnsworth gave them a list of high return low hanging fruit that could sustain the \$50,000 budget for several years. Selectman Buckey stated that this is one of the few things that they can do to try to control costs. Selectman Geraghty agreed that Mr. Farnsworth's list included easier projects that have immediate return. The Board agreed to add \$16,000 to the energy efficiency projects.

Chairman Christie stated that the addition of funds to the Fire Fund capital reserve seems to make sense resulting in a 2.28% increase in the blended tax rate. The Board agreed to add \$44,540 to the Fire Fund capital reserve funds.

Chairman Christie moved on to the Capital Reserve funding issues. He stated that there are 2 proposals: 1) add \$110,000 to fully fund reserves and fits into the 2.51% tax rate model or; 2) increase the contribution to \$200,000 which would add another 1 point or they could mix and match. Chairman Christie stated that they could consider using the undesignated fund balance of \$65,000 as a one-time contribution.

Vice Chairman Rassias stated that in looking at FY2016, if they don't use the \$65,000 they will be at zero. Chairman Christie felt that they would need to get creative in order to balance this but adding \$110,000 and then an additional \$65,000 brings them closer to where they need to be. Ms. Griffin stated that every little bit helps and they can review it again next year. She would like to see them stick to the 2.51% tax rate but she would like to get closer to the number that Mr. Kulbacki has listed as a need. The fact that the \$65,000 goes into the capital reserve means that it is going toward longer term projects which is an appropriate use of funds.

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Selectman Carter felt that they would have a stronger leg to stand on when the taxpayers can see how they will be spending their money over time versus just numbers. Mr. Kulbacki stated that the CIP document as a pdf would be around 5MB so they might want to load it to the website by fund. Selectman Carter suggested having printed copies available at the libraries.

Chairman Christie felt that using the \$110,000 plus the \$65,000 starts to address this problem but every time they do this the number gets bigger, and the salt shed wasn't previously on the horizon so the numbers change. The current reserve goes from \$500,000 to half of that or nothing in a number of scenarios. He noted that using these funds would bring the undesignated fund balance down to 10%.

Ms. Griffin stated that the total use of undesignated fund balance which is the \$120,000 in the budget proposed plus the additional \$65,000 from undesignated fund balance; the \$65,000 would be deposited as needed into the capital reserve fund. The deposits to the capital reserve fund will be a separate warrant article.

Chairman Christie asked for the Board's consensus. The Board was in agreement to the use of the undesignated fund balance as proposed.

Selectman Buckey MOVED to Adopt the Budget for FY2014-15, as discussed. Vice Chairman Rassias SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO ADOPT THE BUDGET FOR FY2014-15 AD DISCUSSED.

Chairman Christie stated that they have a good set of budget guidelines, and they recognize that they can't achieve all of their goals in a given year. He noted that in prior years they have been steadfast to the tax rate increase guidelines at the expense of the reserves. This year the Board has chosen to more fully fund some of the capital reserves, and he is pleased that they are able to get some of their obligations back on track.

Chairman Christie thanked the department heads for wonderful presentations. Vice Chairman Rassias felt that this was the most productive budget process that he has been involved in. Selectman Buckey noted that the budget book is also impressive.

3. RECOMMENDATION TO SET PRE-TOWN MEETING PUBLIC HEARINGS FOR MONDAY, APRIL 7 AND MONDAY, APRIL 14, 2014.

Ms. Griffin stated that the April 14th date is a bonus date that they may not need. She explained that this would allow the Board to have a hearing if they receive last minute petitioned Warrant Articles noting that the deadline for filing is April 8th. She stated that they can cancel the second meeting if it is not needed.

Vice Chairman Rassias MOVED to Set the Pre-Town Meeting Public Hearings for Monday, April 7th and Monday, April 14, 2014. Selectman Buckey SECONDED the Motion.

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Chairman Christie noted that he would not be present on April 14th. Selectman Buckey noted that he would not be present on April 7th.

THE BOARD VOTED UNANIMOUSLY TO SET THE PRE-TOWN MEETING PUBLIC HEARINGS ON MONDAY, APRIL 7th AND MONDAY, APRIL 14, 2014.

4. RECOMMENDATION TO SET A JOINT PUBLIC HEARING WITH THE HANOVER CONSERVATION COMMISSION FOR MONDAY, MARCH 24, 2014 TO CONSIDER SWAP OF LAND CONTAINED WITHIN A CONSERVATION EASEMENT AREA ON THE MANEGOLD PROPERTY LOCATED AT 10 MOODY LANE IN ETNA.

Ms. Griffin explained that the Manegold's have a piece of property at the end of Moody Lane and they would like to talk about negotiating a change in the conservation easement for the property. She noted that this also requires some approval through the Attorney General's office on the property owner's part and does not include Town involvement. Ms. Griffin stated that they didn't want to hold up the process and she will provide the board with all of the information prior to the hearing. Selectman Buckey noted that he would be out of town on that date.

Selectman Carter MOVED to Set a Joint Public Hearing with the Hanover Conservation Commission for Monday, March 24, 2014 to Consider Swap of Land Contained within a Conservation Easement Area on the Manegold Property Located at 10 Moody Lane in Etna. Selectman Geraghty SECONDED the Motion.

Chairman Christie noted that the Conservation Commission worked very hard and extensively on this.

THE BOARD VOTED UNANIMOUSLY TO SET A JOINT PUBLIC HEARING WITH THE HANOVER CONSERVATION COMMISSION FOR MONDAY, MARCH 24, 2014 TO CONSIDER SWAP OF LAND CONTAINED WITHIN A CONSERVATION EASEMENT AREA ON THE MANEGOLD PROPERTY LOCATED AT 10 MOODY LANE IN ETNA.

5. APPROVAL OF MINUTES:
- February 25, 2014
- February 26, 2014

The Approval of the Minutes was deferred to the next meeting.

6. ADMINISTRATIVE REPORTS.

Ms. Griffin had nothing new to report.

7. SELECTMEN'S REPORTS.

There were no Selectmen's Reports.

8. OTHER BUSINESS.

Chairman Christie MOVED to Follow the Request for a Non-Public Session to Discuss Items Pursuant to RSA 91-a: 3, II (b) & (e).

SELECTMAN BUCKEY VOTED YES; SELECTMAN CARTER VOTED YES; CHAIRMAN CHRISTIE VOTED YES; VICE CHAIRMAN RASSIAS VOTED YES; AND SELECTMAN GERAGHTY VOTED YES. THE BOARD WENT INTO NON-PUBLIC SESSION AT 7:50 P.M.

Selectman Carter MOVED to Exit the Non-Public Session. Selectman Buckey SECONDED the Motion.

THE BOARD VOTED UNANIMOUSLY TO EXIT THE NON-PUBLIC SESSION AT 8:23 P.M.

9. ADJOURNMENT.

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

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 8:23 P.M.

Respectfully Submitted,

Nancy A. Carter, Secretary

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Selectman Buckey MOVED to Adopt the Budget for FY2014-15. Vice Chairman Rassias SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO ADOPT THE BUDGET FOR FY2014-15.

- 2. Vice Chairman Rassias MOVED to Set the Pre-Town Meeting Public Hearing for Monday, April 7th and Monday, April 14, 2014. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO SET THE PRE-TOWN MEETING PUBLIC HEARING ON MONDAY, APRIL 7th AND MONDAY, APRIL 14, 2014.

- 3. Selectman Carter MOVED to Set a Joint Public Hearing with the Hanover Conservation Commission for Monday, March 24, 2014 to Consider Swap of Land Contained within a Conservation Easement Area on the Manegold Property Located at 10 Moody Lane in Etna. Selectman Geraghty SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO SET A JOINT PUBLIC HEARING WITH THE HANOVER CONSERVATION COMMISSION FOR MONDAY, MARCH 24, 2014 TO CONSIDER SWAP OF LAND CONTAINED WITHIN A CONSERVATION EASEMENT AREA ON THE MANEGOLD PROPERTY LOCATED AT 10 MOODY LANE IN ETNA.

- 4. Chairman Christie MOVED to Follow the Request for a Non-Public Session to Discuss Items Pursuant to RSA 91-a: 3, II (b) & (e).**

SELECTMAN BUCKEY VOTED YES; SELECTMAN CARTER VOTED YES; CHAIRMAN CHRISTIE VOTED YES; VICE CHAIRMAN RASSIAS VOTED YES; AND SELECTMAN GERAGHTY VOTED YES. THE BOARD WENT INTO NON PUBLIC SESSION AT 7:50 P.M.

- 5. Selectman Carter MOVED to Exit the Non-Public Session. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO EXIT THE NON-PUBLIC SESSION AT 8:23 P.M.

- 6. Selectman Carter MOVED to Adjourn the Meeting. Selectman Buckey SECONDED the Motion.**

THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 8:23 P.M.