

BOARD OF SELECTMEN'S MEETING

MARCH 1, 2004

7:30 PM – MUNICIPAL OFFICE BUILDING – HANOVER, NH

The meeting of the Board of Selectmen was called to order at 7:00 pm by the Chairman, Brian Walsh. Present were: Brian Walsh, Chairman; Katherine Connolly, Vice-Chairman; William "Bill" Baschnagel; Peter Christie; Judson "Jay" Pierson; Julia Griffin, Town Manager; and members of the public.

1. PUBLIC COMMENT

There was no public comment.

2. FY 2004-2005 3RD BUDGET HEARING**Fire**

Fire Chief Roger Bradley introduced himself and his staff present including Captain Michael Hinsley, Captain Jerry Frankenfield, and Captain Chris Broderick. He advised that Captain Clark was in Hartford assisting with an emergency situation. Chief Bradley said that the Fire Fund budget recommended a 26.9% increase in appropriations over FY 2003-04. This was largely attributable to a \$340,000 expenditure for a new replacement fire truck, which would be fully covered by a transfer out of the Equipment Reserve account. The Fire Fund budget also recommended an overall increase of \$59,656 or 3.2% in the amount to be raised by taxes.

Chief Bradley said that the only significant change in the Administration portion of the Fire Fund budget was an increase in the Administrative Assistant's salary that will be charged to the Ambulance Fund. He explained that 60% of Judy Stevens' salary would be charged based on best estimates of her time allocation for billing, collections, etc. Selectman Walsh asked of the number of firefighter's salaries that were charged to the Ambulance Fund in FY 2004. Chief Bradley replied 3.5 and added that only 3.0 would be charged in the proposed budget. Captain Hinsley explained that this change resulted from a more detailed look at the Ambulance Fund through a zero-based budgeting exercise. Town Manager Griffin noted that 60% of the Fire Department's calls were EMS related, but due to the Department's minimum staffing requirements staff opted not to charge 60% of the firefighters' salaries to the Ambulance Fund.

Chief Bradley advised that the Department was anticipating the retirement of a few senior employees, which affected the Suppression portion of the budget. Selectman Baschnagel asked if new turn-out gear was paid from the Operating Budget or the Capital Budget. Chief Bradley said that the \$1,710 request in the New Personnel/Laundry line was for replacement parts on worn out turn-out gear that would be used by the new employee

who would replace one of the retirees. Town Manager Griffin explained that other funding was provided in a reserve account for the complete replacement of this gear. Selectman Baschnagel asked when the Department would draw from the Capital Reserve to replace these items. Town Manager Griffin said ideally when there was enough money set aside to draw down on. In the mean time, pieces of the existing equipment must be replaced. Selectman Christie asked how much was being reserved each year. Town Manager Griffin said \$8,500. Captain Frankenfield noted that only \$3,500 was reserved in FY 2004. He added that 14 sets of turn-out gear were purchased in 1981, 8 were purchased in 2002, and 7 were purchased in 1998. He said that he also had 2 new hires that he needed to purchase equipment for. Selectman Connolly asked of the cost of one set of turn-out gear. Captain Frankenfield said that they retailed at \$2,200 but the Department was able to purchase them for \$1,450. Chief Bradley added that the full ensemble totaled approximately \$1,800.

Town Manager Griffin asked the Chief to speak to the \$12,000 increase proposed for Operational Equipment. Chief Bradley said that much of that was related to Captain Broderick's request for a \$3,000 hose tester, \$1,250 for an additional ventilation saw for the Etna engine, and \$5,000 to upgrade to a new digital radio program being distributed through Homeland Security Grants. Captain Frankenfield explained that the radio program upgrade would enable the firefighters to communicate with the Police Department's new digital communication system, which currently was not possible. Selectman Baschnagel asked that the hose tester be put on The List.

Selectman Connolly questioned the \$16,640 proposed under Fire Prevention for Code review. Town Manager Griffin acknowledged that a 2-day a week Electrical Inspector had been proposed in the Planning & Zoning budget. This was part 2 of staff's plan to provide 4-days a week of expertise in supplemental inspection through 2 part-time positions. She explained that Captain Frankenfield had been doing a lot of work in his spare time to build up a program of plan review and inspection. The hope would be that he would fill this part-time position once retired. Selectman Baschnagel asked if someone could be trained at the Fire Department to conduct this work as part of their regular duties. Chief Bradley said yes, but suggested that to get someone up to Captain Frankenfield's level of expertise would take a minimum of 3 years. Selectman Connolly suggested that if Captain Frankenfield had not yet begun this training that he start. Town Manager Griffin said that ideally a full-time Fire Prevention Officer would perform these duties. She said that staff was also looking at the part-time Code enforcement person to possibly assist with the Rental Housing issues the Board contemplated a year prior. Selectman Walsh commented on the complicated construction that would be presented to Town staff in the coming year. He questioned whether the Town could train someone in the years to come so that an additional full-time position would not have to be built into the budget in the future. Captain Frankenfield said that the proposed budget did request a small amount of funding for training to suit that idea.

Chief Bradley spoke of the \$2,000 expenditure for Dues and Membership to the Midwestern New Hampshire Regional Hazardous Materials Response Team that was

listed in the Hazardous Materials portion of the budget. He said that it was vitally important for the Department to be a part of that team. It offered tangible benefits in return for membership such as the new gas meter that Captain Clark had just received.

Speaking to Fire Alarm Maintenance, the Chief explained that a \$2,000 expenditure in Supplies and Materials would pay for the rewiring of the communication lines along Lyme Road if a roundabout is installed at the Lyme/Reservoir intersection. Selectman Baschnagel noted that the Fire Alarm Fees had not been changed in a long time. Captain Frankenfield said that they had been steady since 1988. Town Manager Griffin offered to research what other communities were charging.

Chief Bradley advised that the \$725 proposed increase to the Training portion of the budget was related to a \$1,500 request for a Captain to attend the International Association of Fire Service Instructor's conference that would be held in Indianapolis. He added that \$525 of encumbered funds would be used to pay the balance of that trip's total cost.

Chief Bradley explained that the Main Station portion of the budget covered the other half of the emergency generator funding that was proposed in the Police budget. The existing generator was purchased in 1973, it was unreliable, and was incurring increasing repair costs. Selectman Baschnagel asked what caused the \$6,100 increase to Building Repair and Maintenance. Town Manager Griffin said that that included painting the first floor bathrooms and replacing a 30-year old carpet in the training room, and replacing the light fixtures on the second floor. Chief Bradley said that the roof membrane on the Main Station would require maintenance in the coming years. Selectman Baschnagel noted the \$1,500 request for a replacement lawn tractor in the Building Equipment line item for the Main Station. He asked why Public Works did not mow the lawn at the Fire Department. Town Manager Griffin said that the Fire Department maintained their building and mowed the lawn. Chief Bradley added that the \$1,500 would only cover the cost of parts needed for a handed down machine that the Department would receive. Town Manager Griffin explained that it was Frank Austin's, Fleet Maintenance Superintendent at Public Works, suggestion to provide the Fire Department with a high quality hand-me-down machine and some funding to purchase extra pieces of equipment.

Chief Bradley said that \$4,000 of the \$5,552 increase in expenditures to the Etna Station was needed to paint the exterior of the building. This work would be contracted out.

Selectman Walsh asked why the insurance for the Fire Department goes up 25%. Town Manager Griffin said that that was based on the assumption that the Town would purchase a new fire vehicle. Betsy McClain, Director of Administrative Services, added that it was also a reflection of a more precise allocation of the liability premiums.

Selectman Walsh asked how severance was budgeted for. Ms. McClain explained that when people retired they were paid lump sums of accumulated leave and other benefits. A Severance Pay line item was budgeted to cover those costs. Selectman Walsh asked if

the Town should be doing this on a Reserve or episodic basis. Ms. McClain said that the Town did have some history in reserving for termination benefits but that often those expenditures could be absorb in salary savings within the current year. However, in situations where senior personnel are retiring, the Town needs to budget for them. Town Manager Griffin added that the Town had a relatively stable pattern of retirements amongst the employees that enabled the current budgeting pattern to earmark funding when necessary. Ms. McClain said that emerging GASB requirements will require more careful reporting of post retirement benefits.

Selectman Baschnagel asked how the College's expansion would impact the Fire Department. Chief Bradley said that in it is conceivable that an additional station or vehicle apparatus might be required.

Chief Bradley said that the last item in the Fire Fund budget was the \$340,000 expenditure to replace the 1978 Hendrickson Engine #4. Selectman Walsh asked of the consequences of trying to squeak out another 10 years from this Engine. Frank Austin said that staff was of the opinion that Engine #4 could last a little longer but also questioned its reliability. He said that a lot of fire equipment manufacturers had gone out of business, which limited the ability to replace pieces that might be needed. Selectman Walsh said that if it was not critical to replace Engine #4 in the next fiscal year, he would prefer that staff take a serious look at the Fire Department's Capital Replacement Program and incorporate into it savings for a tower replacement. Chief Bradley cautioned that Engine #4 had already had extensive repairs done to it in the late 80's. Selectman Walsh asked what staff expected to receive for the used engine. Mr. Austin said that that was unknown; there was only a small market for fire equipment. Chief Bradley suggested \$2,000. Captain Broderick added that Engine #4 had an open cab, which was no longer desirable; it was also underpowered. Selectman Walsh suggested listing it on Ebay.

Selectman Connolly asked that the increasing amounts for education conferences be put on The List for all departments. Selectman Walsh asked that the Decontamination Training (\$7,000) Wish List item also be added on The List.

Selectman Christie asked how much of the Fire Fund's Undesignated Fund Balance (UFB) was used to balance the Fire Fund's proposed budget. Town Manager Griffin stated that of the \$120,962 budgeted draw from UFB, \$47,000 would be transferred from the Fire Fund to the Community Counselor line item in the Health and Welfare portion of the General Fund acknowledging that the Fire Department has carried the burden of maintaining a full-time Fire Department without truly allocating that cost to Lyme and Norwich. This would reduce the community charge to Hanover for the cost of ambulance service. Town Manager Griffin said that Hanover was unique in having its Ambulance Fund stand alone. She said that operating costs minus revenues generated from ambulance fees were assessed to the 3 communities for whom ambulance services were provided: Hanover, Lyme and Norwich. She said that if the General Fund was charged for the true impact of the Ambulance Fund the Town would have spent an

additional \$47,000. She cautioned that if Lyme or Norwich was charged the full cost for these services, they might choose to contract with a private ambulance service. Selectman Christie argued that the reserve funding should only be tapped into to pay for one-time expenses and that all other expenditures should be funded from within Fire Fund operations. Town Manager Griffin insisted that the \$47,000 was a one-time expense, as was the \$24,000 needed to cover half of the cost of the proposed new generator. Selectman Baschnagel argued that the \$5,000 charge for the radios was a one-time expense to convert to a different communication method. Ms. McClain said if the Fire Districts were reconfigured, there would be a different way to generate the tax levy, which she believed would fill the gap. Selectman Walsh asked that the Fund Balance Used be put on The List and that staff provide a list of legitimate one-time expenses for the Board to consider along with the \$47,000 transfer to the General Fund.

Fire Districts

Town Manager Griffin advised that the Charter created the Fire Districts but that the Board had the ability to change those districts in a public hearing setting. Town Meeting approval was not required. She said that this would be the second time the Board heard arguments on the merits of reducing Hanover's Districts from 4 to 2.

Chief Bradley provided a power point presentation on this matter. It included a display of the current Districts. The Chief explained that reducing the number of districts from 4 to 2 would simplify the tax structure and the method in which the Department received tax levy. He said that over the years the Department had made strides and improvements, as did the Hanover Waterworks Company in terms of their distribution system.

The Chief said that the Districts were officially established at Town Meeting in 1963. Their boundaries were based on the Fire Department's location, which at that time was on Main Street, where Town Hall is currently located. He said that in general terms, fire apparatus capabilities in that era involved pumping 250 to 500 gallons per minute, carrying a maximum of 500 gallons of water on the apparatus, and utilizing a supply hose with a 2.5" diameter, capable of pumping 250 gallons per minute. Staffing included one paid full-time Chief and a "station man" who answered the phones and activated the steam whistle to summon volunteers. In 1963 there were 239 hydrants in the downtown area with a flow capacity of 500 gallons per minute. The water main was 154,000 feet and it relied solely on the gravity feed from the reservoirs into the system. There were no storage tanks. There was one inter-community connection with Lebanon that was located on Route 10, just beyond Campion Rink. It was valved and in a closed position.

The Chief said that in 2004, the Fire Department is now located at 48 Lyme Road. The fire apparatus capabilities involve pumping a minimum of 1,500 gallons per minute, carrying a minimum of 1,000 gallons of water on the apparatus with the exception of Engine #4, and utilizing a supply hose with a 4" diameter capable of pumping 1,000 gallons per minute. The Suppression staff included one full-time Chief, 16 full-time

firefighter/EMT's and a complement of paid on-call personnel. In 2004, water could flow at upwards of 1,500 gallons per minutes. There were now 3 storage tanks located within the distribution system. A lot of the older hydrants were modernized and had steamer connections put on them to allow more water to be produced from the hydrants. Some of the water mains were replaced and upgraded. There are also 12 more miles of water mains. The Water Company had the ability to pump those and keep them full for 1.5 million gallons of extra storage. There was also another inter-community connection with the Lebanon water system. It was located near the Go-Go Mart on Medical Center Drive.

Chief Bradley explained that Fire District 1 encompassed the area beyond 3 miles of the old Hanover station and beyond 2 miles of the Etna Station. Fire District 2 encompassed the area within 3 miles of the old Hanover station and within 2 miles of the Etna Station. Fire District 3 was the area within 600 feet of a fire hydrant with reduced pressure. Fire District 4 was the area within 600 feet of a fire hydrant with normal pressure. The Chief said that what was considered reduced pressure in 1963 was not what was considered as reduced pressure in 2004. Dead end mains were moved and interconnected over the years. This would indicate that Fire District 3 should merge with Fire District 4.

Chief Bradley explained that staff had divided the Town into 4 response zones based on topography and response times to get the each location. Zone 1 represented the downtown hydrant district. Zone 2 encompassed the bulk of Etna. Zone 3 covered Blueberry Hill, Stevens Road, and sections of Etna. Zone 4 spanned the backside of Moose Mountain. The Chief said that run cards tracked pre-established engine assignments to certain locations and types of calls being responded to within the community.

In Zone 1:

- A still alarm (an automatic alarm activation or call to dispatch reporting a smell of smoke but not seeing an actual fire) would require that on-duty personnel respond with an engine and the rescue truck.
- A first alarm (report of a structure fire) would require that 3 engines, the tower, and the rescue truck be dispatched. An engine would be sent from Lebanon to cover Hanover's Main Station. Mutual aid would be requested from adjacent communities as needed.

In Zone 2:

- A still alarm would require that on-duty personnel respond simultaneously with personnel from the Etna Station.
- Subsequent alarms and mutual aid would be requested as needed.

In Zone 3:

- A still alarm would require all on-duty personnel to respond in Hanover and Lebanon.

In Zone 4:

- A still alarm would require that all on-duty personnel respond from the Main Station and the Etna Station. Engines from Canaan and Enfield would automatically respond to a first alarm.
- Canaan, Enfield, and Hartford would automatically respond to a second alarm.
- Third and fourth alarms, which require tankers, would be assisted by mutual aid towns.

Chief Bradley said that road mileage was also considered by staff as redistricting criteria. He provided a proposal, going from 4 districts to 2, utilizing the pressure hydrant area for Tax District 1, and the non-hydrant district for Tax District 2. He said that based on the fire protection that was provided outside of the hydrant district, staff had taken measures to ensure that there would be a response to that rural area. They have also increased the water capacity on the trucks that they respond with. Quick-dump mechanisms were also installed on the trucks enabling them to dump water, return to a source to refill, and deliver it back to the call site. The Department has also applied for and received some funding to develop a Rural Water Supply Plan with the North Country Resource Conservation and Development (NRC&D). Chief Bradley pointed out the locations of various dry hydrants and cisterns in Hanover. He explained that dry hydrants were hydrants that were located near and connected to a water source. When necessary, water was used from these natural sources to fight fires. Cisterns were very similar but they were connected to stored water supplies rather than natural water sources. Kari Asmus, of Etna, asked if the dry hydrants could be used in the winter. Chief Bradley said yes. He said that the dry hydrants and cisterns were part of a proposal that staff worked with NRC&D to identify potential static sources. He said over the next 4 or 5 years they would work to create new cisterns to address the rural fire fighting capabilities and challenges. Ms. Asmus asked if Reservoir 3 was functional at all when it was dry. Chief Bradley said no, it was not a reliable source. Ms. Asmus asked if the cisterns and the dry hydrants would be as reliable as pressurize hydrants. Chief Bradley said yes and further explained that when the Department was required to respond to a call that was beyond 2,000 feet from a cistern or dry hydrant, tanker shuttles provided by mutual aid communities were used repeatedly to deliver water to the site.

The Chief said that the Board had 3 things to consider:

- To do nothing, maintain the current Fire Tax District. This would result in a \$0.02 increase across all 4 existing districts.
- Reduce the current districts from 4 to 2 and base the boundaries on the proximity to pressurized fire hydrants. This would result in a \$1.57 tax rate for the hydrant district, and a \$.90 tax rate in the rural areas (compared to the current rates of \$.34 in Fire District #1, \$.65 in Fire District #2, \$1.45 in Fire District #3, and \$1.73 in Fire District #4).
- Do away with the districts and the Fire Fund altogether, and eliminate the separate Fire District Tax Levy by placing the funding and operations of the Fire

Department within the General Fund. This would have a tremendous impact, especially to the folks in the outlying districts, by adding an additional \$1.36 to the municipal tax rate.

Chief Bradley asked to thank all of the people listed at the end of his presentation for their help, expertise, and hard work on the redistricting effort. Selectman Walsh said that the presentation of where the Town had come in the last 40 years, relative to its ability to deal with a fire in Hanover and the degree of organization the Town had, was very valuable. He suggested that staff find a way to make that presentation available to Hanover residents.

Fire Fund Wish List

Town Manager Griffin advised of the Department's \$7,000 Wish List funding request that would provide training for all full-time personnel and interested call-members to meet the Hazardous Materials Decontamination level. Captain Hinsley said that the Town was mandated under Federal EPA and OSHA to have a certain level of training to respond to calls relative to decontamination. The cost to provide that training was provided through a grant from Homeland Security. However, the Town had to pay its staff overtime to attend the training. The Captain said that the \$7,000 requested would pay for 12 firefighters to attend the 2-day course. He added that transporting contaminated patients to DHMC had become a real problem. There was an expectation that patients would be decontaminated prior to arrival at the emergency room. He also advised that the Department had received gear to perform this function through a variety of grants awarded to the Police Department and Dispatch Center, but that they needed this training to be able to use the equipment.

Ambulance

Town Manager Griffin advised of a report that Ms. McClain had provided to the Board regarding the status of the Town's disallowed insurance reimbursement situation, which clearly factored into the Ambulance Fund budget. Chief Bradley walked the Board through the various expenditures proposed in this budget. He said that 60% of the Fire Department's Administrative Assistant's salary would be charged to the Ambulance Fund. An expenditure increase of 7.7% in Supplies and Materials was proposed to fund the purchase of uniform replacement pieces and EMS medical service protective clothing for the volunteer contingent and the first responders in Etna. An expenditure increase of 39.1% was proposed for Operation Equipment. This was mainly related to the proposed purchase of 2 new ambulance stretchers. Chief Bradley said that the existing stretchers were 12 years old and in dire need of replacement. \$1,000 was also proposed to replace the Knox box (narcotic access control device). The 63.8% expenditure increase to Auto/Education related to a \$6,000 expenditure for EMS and EMT basic recertification training classes. The remainder of the funding proposed would cover expenses for staff to attend various conferences.

Selectman Walsh asked of the \$33,000 expenditure increase to Administration, Professional Services. Town Manager Griffin said that that was primarily the affect of the disallowable increase. Selectman Walsh said that he understood how that would reduce revenue but questioned how it increased expenses. He asked that another line item be added to reflect the expense for disallowed amounts as a contra-revenue, rather than showing that the Professional Services were being increased. Selectman Baschnagel said that he agreed that the current budget set up was confusing. He questioned where the disallowables were shown. Chief Bradley said that there were two factors working against revenues being collected: (1) amounts disallowed by patients' insurers and (2) uncollected accounts from individuals. Selectman Walsh suggested that there should also be a line added to the revenue side of doubtful receivables.

Selectman Christie said that he sensed that the Ambulance Fund's budget was increasing beyond the Town's capacity to fund it. He said that this was happening because of the level of professionalism the department had achieved and due to their sensitivity to their equipment and training needs that helped to keep them on top of or ahead of their profession. He said that funding what the Department legitimately thought they needed and could justify was a tough way to go at this budget as compared to others.

Selectman Walsh asked if the Town had a responsibility to its citizens to pay on a per capita basis. He noted that Hanover, Norwich, and Lyme were paying \$12.50 per citizen for this availability. Town Manager Griffin said that the Town was not required by Statute to provide ambulance services for its citizens. She said that over time, many fire departments nationwide had become combined fire and EMS departments. She argued that part of the problem with this budget was that it was a fund within a fund, separated from the General Fund, which created its own challenges to balance vis-à-vis how much can be absorbed in the General Fund. It was further complicated by the fact that increasing percentages of EMS expenditures are not covered by Medicare or Medicaid, primarily, due to the actions of the federal government. Town Manager Griffin suggested that if the Fire and Ambulance Funds were included within the General Fund the Town would not be struggling with this problem of juggling the ability to allocate expenses to the General Fund with the need to provide a high quality service to its citizens. Instead the Town would address the overall percentage rate of increase in the bottom line budget. Selectman Baschnagel disagreed. He said that he did not think that would change the bottom line at all. Selectman Christie said that it was a function of who gets taxed. Town Manager Griffin suggested that the Town would face about the same expenses if it contracted out for these services. Selectman Connolly suggested that if it did so, the level of service might come in to question.

Selectman Walsh noted the \$50,000 expenditure that was proposed to support Medicare in the coming fiscal year. He asked when the Town took on contractual obligations to Medicare. Captain Hinsley explained that Medicare was not insurance. It was the law. A Medicare rate was set and then Medicare only paid a percentage of that rate. The Medicare contractual obligations represented the difference between what the Town charged and what it was reimbursed from Medicare. Selectman Connolly asked if it was

a fixed percentage. Captain Hinsley said no, it was a fixed number that was based on the type of service provided. He said that New Hampshire Medicare's service fee rate was \$386 of which Medicare would only pay \$155.40 for 9-1-1 transfers. For non-emergency transfers, Medicare reimburses only \$72 to \$78. The Town charges \$318 for ambulance service of which Medicare pays only \$178.64, a patient's supplemental insurance may pick up another \$45. The remaining \$94.70 is a contractual obligation and is, in effect, unrealized revenue. Selectman Walsh asked if the Town's fees were reduced to \$178.64 would the disallowables disappear. Captain Hinsley said yes but that for all of the private pay patients or privately insured patients, the Town would lose revenue.

Captain Hinsley explained that before 2002, the Town charged \$190 for an ambulance call. Other local ambulance providers were charging \$300 to \$350. Between 2001 and 2004 the Town bumped up its charges to \$275 and then to \$300. They also tacked on an extra \$50 to non-resident patients. Captain Hinsley said that even though Hanover was now charging equal fees to what others were charging, and despite Medicare and other private insurances not paying in full, the Town was in tremendously better shape than other local ambulance services. Its disallowables were one-third lower than that which the other ambulance services were carrying. He suggested that this was due to the fact that Hanover's firefighters were also the people who conducted the EMS and hazmat runs, whereas in other communities these duties were conducted by two separate full-time departments.

Captain Hinsley advised of a disallowable report that was developed by Judy Stevens. Selectman Walsh noted that the projected disallowables for 2004 was \$76,000. Captain Hinsley said that the disallowables for Lyme and Norwich totaled \$16,000 in 2004. Selectman Baschnagel said that the Town could not assume they were going to get that money, so it must create an operating budget that nets it out before hand. Town Manager Griffin asked if the Board wanted staff to consider boosting the rates to make up for that lost "revenue" through the disallowables. Selectman Baschnagel said no, he did not think that the Town could do that. He said that this system was designed at the federal end of the game to reduce available funds and so the budget has to recognize that by putting down the gross revenue projection and netting out of that an amount for disallowables or uncollectables that would then become the baseline for establishing the operating budget. Selectman Christie said that this would begin to address the question of who pays. He said that Norwich and Lyme and possibly a subset of Hanover's population that represented the high users of this service should be perhaps pitching in at a steeper rate to address this problem. Lyme and Norwich should pay their fair pay under the assumption that the rates being charged by the Town represented less than its costs and competitive wages. Selectman Baschnagel said that part of what happens is that the per capita rates start to cover these things, but do not necessarily fully cover the actual costs. Town Manager Griffin said that staff was recommending a larger increase in the per capita contribution than was recommended in previous years.

Selectman Walsh said that this budget cried out for restructuring. Selectman Baschnagel argued that restructuring would not change the basic arithmetic that produced the bottom

line. Selectman Walsh asked how much could be done in the proposed budget to correct these issues. Town Manager Griffin said that staff was proposing a change in the Fire Districts, envisioning that the Board might contemplate a change next year, and further consider combining the Fire and Ambulance Funds and making them part of the General Fund. Selectman Walsh said that he would resist that in spades. He said that to the extent that the Town builds in the Ambulance Fund, it builds in getting had by the federal government in a way that cannot be tracked. It also builds in an inability to talk with the other towns that it provides ambulance services to about the economic structure. Selectman Walsh said that what was going on in the world of medical care forced the Town to keep an Ambulance Fund. Selectman Baschnagel said that the Fire Department provided services outside of the Town, which generated a considerable portion of expenses and revenues outside of the Town, and created a reimbursable issue. This made it unique as a department.

Selectman Pierson asked what made up the community contribution in the Health & Welfare budget. Town Manager Griffin said that those contributions represented the per capita fees that were assessed to Hanover and charged annually to Dena Romero's Health & Welfare budget. These charges were transferred to the General Fund in an effort to reduce the overall impact. Selectman Baschnagel argued that that spoke to Selectman Christie's point about the Town masking these issues. Town Manager Griffin said that there was a limit to how much Lyme, Norwich and Hanover could absorb each year in terms of budget increases. She said that staff was cognizant of not creating a situation where a significant increase over one year's time would force the other towns to look elsewhere for their ambulance services.

In Selectman Walsh's absence, Selectman Connolly asked to bring this discussion to a close. She asked the Board if they wanted to put any of the expenditure increases proposed for the Administration portion of the Ambulance Fund budget on The List. Selectman Baschnagel noted that the proposal was to increase this portion of the budget by \$91,163, \$33,000 of which was tied to the disallowables. Ms. McClain added that a big piece of the \$58,163 difference resulted from an increased charge from Dispatch, 2% to 12% of total Dispatch Operations costs charged to the Ambulance Fund. This represented a \$30,074 increase, which was based on call volume. Selectman Christie asked if the Board bought into a 2-year transition with the Town of Lyme, and how much reserve funds were they willing to use to bridge the gap. Selectman Walsh said that the issue of taking the zero-based budgeting to its logical conclusion and the restructuring of this budget should be on The List for next year's budget proposal.

Selectman Christie asked the Fire Department representatives how long they thought private ambulance services would continue to exist. Captain Hinsley said that he could not answer that. He said that the EMS lobbying effort had helped to incorporate changes to the Medicare Prescription plan that would help to offset some of the current disallowable charges by rolling them back as allowables. Town Manager Griffin said that it would still take some time for these rates to be raised. Selectman Christie said even so, the private for-profit companies did not have the tax base to fall back on.

Selectman Walsh thanked staff for their presentation. He asked staff to rework the numbers in this budget, deducting the uncollectible receivables from the Professional Services, and listing them as a negative revenue item. Then provide an alternative budget that includes expenses at the levels listed in FY 2004 with a Wish List of any unfunded items. Selectman Christie also asked staff to identify how much of the Fund balance would be used in this budget to purchase legitimate one-time expenses. He further suggested that staff be more aggressive with the other towns that Hanover provided services to. Selectman Connolly asked to see a budget without the uncollectible items built in.

Selectman Walsh said that the objective here was not to make money or cut services. It was to have a service that made financial sense and was understandable. Selectman Baschnagel said that staff's zero-based budgeting exercise on this portion of the budget highlighted the disallowable issue that now needed to be addressed in a more comprehensive manner. Selectman Walsh suggested that it would be very difficult for someone to provide the level of service that the Town provided unless subsidizing from somewhere else.

Etna Library

Barbara Prince, the Librarian at the Etna Library, said that her budget proposed an increase of 4.4% over FY 2003-04 due primarily to the purchase of a new patron computer. She said that she was asking for 2 additional hours per month to pay Howe Library Technical Services to input the Etna Library's holdings into the New Hampshire State Interlibrary Loan Automated System. Ms. Prince said that her staff did not have the time to maintain the data entry involved with this loan system. She said that the Howe Library had agreed to do this if approved.

Ms. Prince reported that since FY 2000 the Library had experienced a 47% increase in patron visits, 14% increase in overall circulation, 29% increase in materials borrowed by adults, 67% increase in programs, and 109% increase in program attendance. The interlibrary loans had also increased from 34 items in 2000, to 146 items in 2003. She said that staff was having a difficult time keeping up with all the activity. She had requested 3 additional staffing hours on the Wish List, reflecting the extra hours she worked per week to keep up. Selectman Walsh said that the increased usage was very nice. He thanked Ms. Prince for her work and budget presentation.

Howe Library

Marlene McGonigle, Library Director, introduced herself and Denise Reitsma, head of the Youth Services, Ellen Lynch, the Assistant Director, Pamela Smith, head of Technical Services and Systems, and Dick Winters, Chair of the Howe Library Board of Trustees. Mr. Winters introduced the Trustees' Treasurer, Mado MacDonald. Ms. McGonigle said that her budget proposed a 5% increase overall due primarily to salary increases of 2% and the Cost of Living Adjustment of 2.5%.

Ms. McGonigle said that the Administration portion of the budget proposed a 16.7% expenditure reduction in Dues and Memberships. Level funding from FY 2004 was requested for Supplies and Materials. The Auto/Conference line item proposed a 7.5% expenditure reduction.

In Technical Services, the original budget proposal requested \$7,500 for the Supplies and Materials. This was reduced to \$6,700, to match the funding provided in FY 2004. Ms. McGonigle said that more funding could be utilized if provided. The 10.9% expenditure increase to Charges to/from Other Departments (MIS) related to the purchase of replacement computers, a slight increase to the Innovative annual contract, and the purchase of Adobe software. Ms. McGonigle said that the amount of these expenditures was netted against the \$1,442 Charge from the Etna Library for the Technical Services the Howe Library staff would provide as was described by Ms. Prince. Ms. McGonigle explained that in order to participate in the interlibrary loan system the participants had to meet the data entry needs at the State level. She said that the Howe had centralized a lot of the ordering, processing, receiving, and handling for both town libraries. This worked well for both libraries. Selectman Walsh asked if the Adobe software was for web-design. Town Manager Griffin said yes. It was noted that this fee covered the Howe Library's website and that there was an additional fee in the MIS budget that related to the Town's website. Selectman Walsh asked that the number of licenses for this software be put on The List.

Ms. McGonigle said of the Equipment Reserve line, the budget proposed a \$2,500 reserve toward an upgrade for the Millennium System. She said that the Public Services line item did not reflect a change from 2004. She advised of the Howe's Wish List request for 5 additional hours of part-time help for the Children's Library Assistant. This was requested in FY 2004 and was denied. Denise Reitsma explained that it was staff's goal to have someone in the children's room at all times. Ms. McGonigle said that during construction the children's area would be moved to the Mayer Room in the lower level of the library. The 5 hours requested on the Wish List would provide the additional staffing in this lower area that typically was only covered by one person.

Ms. McGonigle said that the Circulation and Reference line items included all funds for the purchase of new materials. An increase was not proposed even though the cost of materials had gone up.

In terms of revenue, Ms. McGonigle advised that the projected 3.4% decrease to Non-Resident Fees was based on the notion that fewer non-residents would utilize the library during construction. Selectman Walsh said that he had received a letter from the Non-Resident Fee Committee who carefully reviewed the Howe's fees and were in agreement with the current fees imposed.

Selectman Walsh asked of the number of public access computers at the Howe. Ms. McGonigle said 20. Selectman Walsh recalled that Corey Stevens, the MIS Director, had said that he was spending a large percentage of his time attending to these computers. Town Manager Griffin said that Mr. Stevens was speaking to his efforts to correct the

creative inspiration on the part of some of the Howe's more astute patrons. Selectman Walsh said that he did not like having to spend taxpayer's money fixing these computers after the patrons had screwed them up. He asked for some real effort to remedy this by denying access on a temporary basis to users who repetitively screwed up the computers. Town Manager Griffin asked how easy it was to identify the perpetrators. Pam Smith replied that security software has been installed on each computer to help with that issue. Ms. McGonigle said that when staff did find patrons abusing the privilege of using these Internet terminals, parents were notified and the patron's use of the computers was denied for a period of time. Selectman Walsh said that he had trouble rationalizing providing 20 public terminals and having to hear that staff was spending a lot of time cleaning them up. Ms. McGonigle argued that the computers were in great demand. Town Manager Griffin suggested that the Howe Board of Trustees should address this as well. Selectman Baschnagel suggested that a portion of the use was related to the Howe's DSL capabilities that were not offered to everyone at home. He said if HBN was successful it might alleviate this issue. Ms. McGonigle said that the Howe also had access to certain public library databases that a private citizen could not access from their homes.

Selectman Baschnagel asked if staff had noticed an impact in student use since the Richard W. Black Community & Senior Center was opened. Ms. McGonigle said that student use in the after-school hours had decreased but there were still a lot of children in the library during those hours. Selectman Walsh asked if the after-school monitoring position was still needed. Ms. McGonigle said yes, the gentleman that filled that position spent much of his time assisting the students with the computers, as they were not provided at the Community Center. Ms. McClain advised that a privately owned computer kiosk was made available at the Center. Users were paying \$1.00 for 4 minutes of Internet access. Town Manager Griffin said that the same activity occurred at the Dartmouth Bookstore in the after-school hours. Students there paid the same fee for the same service. Selectman Walsh asked that next year's budget be drafted with consideration given into charging fees for the Internet access provided at the Howe.

Town Manager Griffin advised that Ms. McGonigle had developed some proposed expenditures for FY 2005. Selectman Connolly said that the expenditures in FY 2005 were very high, but acknowledged that the present budget proposal had been condensed. Selectman Walsh said of the FY 2005 numbers, the electricity and heating numbers more than doubled but the building would not. He hoped that the expansion would be more energy efficient. He said that he would be disappointed if the result was more than double expenses in operating costs. Town Manager Griffin explained that the new library would be fully air-conditioned, which was not currently the case at the existing library. Ms. McGonigle added that the heat and electricity costs were conservatively estimated by the engineers at TMP Consulting Engineers, Inc. for the project architect, Gerrit Zwart of Shepley Bulfinch Richardson and Abbott. She said that the architect was hopeful that these numbers were on the high side. Town Manager Griffin added that the estimates given for the Community Center proved to be high as well.

Dick Winters said that the Trustees had raised \$3 million of the \$5.5 million projected expense from private sources. They were negotiating a loan from the U.S. Department of Agriculture, Rural Development Administration totaling \$1.5 million that would be used to defray the cost of the building. Mr. Winters said that they were in a very good position to put into place a campaign to complete the financing of that building including this loan. He advised that the Facilities Committee had met on Wednesday with Trumbull-Nelson, the architect, and Steven Wheelock, the Construction Manager, to review the subcontract bids. He said that the actual cost of the building would be at or below the original estimates. Mr. Winters said that the Howe Library Corporation was responsible for the building addition; the Town was responsible for its maintenance. As such, the Trustees were working hard to hold the taxpayers of Hanover harmless with respect to the added operating costs of this building. He suggested that any savings in the construction of the building would fall back into an endowment fund that could support the operating costs of this building in the future.

Selectman Walsh thanked Ms. McGonigle, her staff, and Mr. Winters for their presentations.

Joigny Exchange Funding Request

Pietie Birnie, President of Hanover/Joigny Exchange Incorporated (Exchange), a not for profit organization, asked that the Town fund the purchase of liability insurance for the 8 members of their Board of Directors totaling \$1,500. Briefly she said that the Exchange arranged trips for Hanover citizens to visit the Town's sister city, Joigny, France. The trips were available to people of all ages, groups of all sizes, and varying in length of stay. They were reciprocated by Joigny residents who visited Hanover, staying with Hanover residents. Ms. Birnie said that several hundred people had taken advantage of their services. She explained that the Exchange had been in existence for 13 years, all of which without any liability insurance. Ms. Birnie said that the Town already provided \$2,000 annually to the Exchange that was used to run programs. She said that the activities of the Exchange had grown to the point where they could not spend their time fundraising. Ms. Birnie said that the Exchange was of the opinion that they provided a quasi-Town function and as such, it was reasonable to them that the Town provide this funding for the insurance. She said that many of the Directors were considering stepping down if the Directors and Officers insurance was not secured.

Selectman Walsh asked what the Directors could be sued for that would be insurable. Ms. Birnie suggested that any such incident that resulted in a premature return to the States could result in litigation. She also pointed out that France was much more lenient with regard to younger people smoking and drinking than was the U.S. She suggested that incidences of underage alcohol use/abuse could also result in litigation. Political unrest could also play a role in various ways. Selectman Walsh asked what kind of release the Exchange required their participants to sign. Ms. Birnie said that in the past they used a very loose release that was printed on Hanover High School letterhead. She said that if the \$1,500 funding request was approved the Exchange would have a lawyer

put in place a much tighter waiver that would cover the all of the different types of people they served but would still be specific enough to recognize that there were inherent risks when traveling that the participants must acknowledge. They would also require that each participant purchase individual emergency evacuation insurance at a reasonable cost. Selectman Baschnagel asked if the Exchange had any general liability insurance. Ms. Birnie said no. Selectman Connolly suggested that the Exchange research whether de-incorporating would eliminate the need to purchase insurance.

Kari Asmus, of Sausville Road, asked if the Exchange could increase their participant fees to cover this cost. Ms. Birnie said that it was difficult to predict how many people would participate each year. She said based on last year's figures that would amount to a \$100 increase in the fee. She noted that airfare was not included in their fees and that the participants were required to fund half of the chaperon's costs as well. Town Manager Griffin suggested that if people understood the reason for the increase they would pay it. The students could also fundraise for the difference. She said that the participants need to recognize that there is a volunteer Board of Directors that worked hard to arrange for their ability to travel to Joigny which has some costs associated with it.

Selectman Walsh asked at what level the Dresden School District or the Town of Norwich supported the Exchange. Ms. Murray said that the School District denied funding their requests in the past based on their assessment that these trips did not constitute as school programs. Selectman Walsh said that the Hanover/Joigny relationship was very special and important. He said that the benefits of the work done by the Board benefited to the students and people of Norwich as well as the Town of Hanover.

Selectman Baschnagel asked if there was any Town mechanism that would give the Town sponsorship of this group so that it could fall under the Town's protection. Town Manager Griffin said that she had talked to the property liability trust about that but had found that the Town would have to absorb all of the functions of the program. She cautioned that doing that would set a dangerous precedent.

Selectman Walsh asked to add this item to the Wish List. Selectman Connolly asked how much coverage this funding would provide. Ms. Murray said that the 2 policies were presented with the funding proposal. One would provide \$1 million of limited liability with a \$2,500 deductible; the other would provide \$500,000 of limited liability with a \$1,000 deductible.

3. APPROVAL OF MINUTES: FEBRUARY 9, 2004

The review of the February 9, 2004 minutes was continued to March 3, 2004.

4. ADMINISTRATIVE REPORTS

Ms. Griffin reminded everyone that Dresden School District voting would take place the following day from 7:00 a.m. to 7:00 p.m. at the Richmond Middle School.

5. SELECTMEN'S REPORTS

Peter Christie, Bill Baschnagel, Jay Pierson, Brian Walsh:

Due to the lateness of the hour Mr. Christie, Mr. Baschnagel, Mr. Pierson, and Mr. Walsh opted not to provide any reports.

Katherine Connolly:

Ms. Connolly reported that the Planning Board continued its review of proposed zoning amendments.

6. OTHER BUSINESS

Town Report Letter

Selectman Walsh advised that the Selectboard would need to provide a letter for the Town Report. He offered to provide the first page focusing on community celebrations over the last year. He asked the other Selectmen to write pieces on highlights of the Town groups that they were involved with and submit it to him by March 20th. Town Manager Griffin offered to email last year's letter to the Board.

7. ADJOURNMENT

It was MOVED by Selectman Connolly and SECONDED by Selectman Baschnagel to adjourn the meeting. THE SELECTMEN VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 11:00 PM ish.

Respectfully submitted,



Peter Christie, Secretary

These minutes were transcribed by Beth Rivard.