

BOARD OF SELECTMEN'S MEETING

MARCH 3, 2004

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

The meeting of the Board of Selectmen was called to order at 7:04 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 4TH BUDGET HEARING

Public Works

Recycling Committee

Selectman Walsh advised of the Board's actions to mandate a budget reduction in recycling costs for the proposed budget, specifically as it related to brown and green glass items. He explained that there was no market to recycle such items and that the Board was concerned that they were being deposited into landfills rather than being recycled. As such, the Board asked the Recycling Committee to work with staff to look at options to reduce recycling costs without reducing the effectiveness of the recycling program. He acknowledged the tremendous amount of work done and thanked the Committee and staff for their efforts. Town Manager Griffin explained that a number of alternatives to the Town's current curbside recycling collection program were considered. The following scenarios were offered to the Board for consideration:

1. Retain the current recycling system at a cost of \$252,559, not including street can pick-up for an additional cost of \$39,300. This cost for recycling would represent 5% of the General Fund tax rate. It was noted that this cost had increased \$100,000 in eight years due to the fact that there was no competition.
2. Change to an alternating week pick-up program that eliminates curbside sorting, reduces the Town's dependence on Northeast Waste, and utilizes the Keene Municipal Recycling Facility. Different materials would be picked-up each week, glass and plastic products for Weeks 1 and 3, fiber products for Weeks 2 and 4. Calendars would be provided to all recycling participants to outline what would be picked up each week. The pick-up schedule would also be listed on the Town's website. Northeast Waste would perform the weekly pick-ups with a

large packer truck and would deliver the recyclables to a drop-off/storage area at the Gile Tract. From there a contracted hauler would transport the recyclables to the Keene facility. Paper products would be brought elsewhere to be sold. The cost for this option would be \$193,835, representing a savings of over \$60,000. It was noted that a number of communities in New Hampshire utilized this system with great success including Plainfield.

3. Change to a Single Stream program where participants would put out all of their recyclable items each week for pick-up in a packer truck (not sorted) by Northeast Waste. From there they would be brought to Northeast Waste's Materials Recovery Facility (MRF) in Chittenden County, Vermont, where they would be sorted. The cost for this option would be \$217,412; however the Town would remain totally dependent upon Northeast Waste who was only willing to guarantee this price for one year.
4. Have the Town begin providing curbside pick-up on an alternating week pick-up schedule as outlined in option number 2. Northeast Waste would be eliminated from Hanover's recycling program. The cost for this option would be \$208,313 including personnel and insurance costs as well as the leasing of 2 packers.

Town Manager Griffin advised that staff and the Recycling Committee were recommending option number 2. Larry Litten, the Committee Chair, clarified for the record that brown and green glass recyclables were being crushed in aggregate and re-used for various purposes. He said that the Committee reluctantly supported option number 2, as it would send the materials to the Keene facility, answering many reservations they had about where the recyclables were being dumped currently, but that it would require a large educational effort. The Keene facility also accepted more plastic products than did Northeast Waste's facility in Vermont. Mr. Litten said that there were also energy efficiency factors in running one truck through the streets as opposed to having the curbside sorting occur while the engine idles. He said that the Gile Tract drop-off would be necessary to relieve participants of storage issues should they miss a week or two of curb-side pick-up. Selectman Walsh added that Hanover residents were also able to drop-off recyclables to the Lebanon landfill at any time during the landfill's regular operating hours.

Town Manager Griffin said that New Hampshire the Beautiful and State staff had been very helpful in formalizing these proposals and discussing the logistical details. Mr. Litten added that the Committee had not visited the Keene facility. Selectman Baschnagel advised of his attendance at a presentation by the gentleman that runs the Keene facility. He said that he was very impressed with the program. He asked what would happen if residents put out the wrong items on the wrong weeks. MaryAnn Cadwallader, a Recycling Committee member, suggested that those items would not be picked up. Ms. Griffin agreed, stating that the driver would make the decision to pick it up or not. She acknowledged that there would be an adjustment period.

Selectman Connolly asked what was being done currently with brown and green glass recyclables and if that would change with a new program. Pete Kulbacki, Director of Public Works, explained that colored glass products would be hauled to the Keene facility in the new program. There it would be sorted and crushed in aggregate and returned to the Town for re-use. Ms. Griffin said that the Keene facility was very committed to sorting and recycling. Mr. Litten asked how broken glass would be handled. Ms. Griffin said that the Keene facility already handled broken glass.

Willy Black asked that the Board not cut the budget any further as it would cost the townspeople much more to pay to have these recyclables taken away.

Selectman Connolly asked what would be done with the street cans. Ms. Griffin said that she had received a few bids for this work that were similar to the amount Northeast Waste would charge. She said that staff was working to provide numbers supporting a system whereby Public Works employees would empty these cans as part of their daily duties, however it did not appear as though the Town would incur savings having town staff participate in this effort.

Selectman Walsh again thanked the Committee for their efforts and asked to continue the budget review.

Public Works

Selectman Connolly asked where the revenue figure was for the motor vehicle licensing fees. Betsy McClain, Director of Administrative Services, advised that it was listed in the Unallocated portion of the budget.

Selectman Walsh asked about the 100% decrease in revenue to Cemetery Trust Funds. Ms. McClain acknowledged the error in that line item and suggested that approximately \$3,000 should be listed. Selectman Baschnagel asked the same of the Recycling Materials line item which listed a 100% decrease in revenues. Mr. Kulbacki said that the \$13,000 profit for fiber was netted into the recycling costs. Mr. Walsh asked that in the future that revenue be broken out.

Selectman Baschnagel asked to thank the Hanover Improvement Society for the 60% increase to their subsidy. Ms. Griffin acknowledged that a letter had been sent stating the same.

Selectman Connolly asked about the 45.4% increase in the Administration, Advertising and Dues expenditures. Mr. Kulbacki said that the increase was linked to the number of Commercial Drivers Licenses (CDLs) that would require renewal in the coming year. He said that this expenditure fluctuated year to year. There was also a policy change that called for more advertising of road reconstructions and repairs that also attributed to that increase.

Selectman Baschnagel questioned the 20.1% increase in expenditure to Administration, Charges to/from Other Departments. Ms. Griffin explained that staff had opted to increase this number to reflect the amount of time that she and Mr. Kulbacki spent on the wastewater upgrades and the water treatment design.

Selectman Baschnagel questioned the expenditures for sidewalk treatment to the parking facility. Mike Chase, Operations Manager, explained that magnesium chloride was used to treat the facility sidewalks and that the facility was treated twice as often as the other downtown sidewalks. Mr. Baschnagel asked if staff had considered installing Plexiglas roofing to cover the facility stairwells. Mr. Kulbacki said that he could look into it but that some of the stairwells acted as vents and would need to remain open for ample air circulation.

Selectman Walsh questioned the 41.8% decrease in expenditure to Fleet Maintenance. Frank Austin, Fleet Maintenance Superintendent, said that equipment upgrades and fewer outside repairs attributed to the decrease.

Town Manager Griffin noted that the \$100,000 expenditure to Outside Projects, Capital Outlay, acted as a place holder should the Town conduct outside work. It was offset by revenue.

Selectman Baschnagel asked what "Grounds Maintenance, Field Development" represented. Town Manager Griffin said that that expenditure typically covered field maintenance but was increased in the current year to cover the construction of the Grasse Road ball field.

Town Manager Griffin explained that the \$224,609 expenditure to Capital Costs, Public Works Equipment would pay for a new roadside mower, compacting roller, Trailer #4 (20 ton), Truck #6 (plow equipment), Truck #19, and Truck #70. She said that the compacting roller would be a new item for the Town, as staff was convinced that it would be better to purchase one rather than to continue to lease one. Mr. Chase added that payback would be achieved within 5 years.

Selectman Baschnagel questioned the creation of new reserves in the Capital Costs, Road Reconstruction line item. Town Manager Griffin said that \$20,000 was proposed for signalization work at the Park Street/Lyme Road intersection and \$34,000 was proposed for the Bridge Replacement Reserve. Selectman Walsh asked if the 4 bridges previously categorized as red-lined bridges had been repaired. Mr. Kulbacki said that 2 were done, a third was budgeted for.

Willy Black asked why the Town was replacing its vehicles with larger-sized models. She said that the larger vehicles cost more to run. Mr. Austin said that the Town had downsized from king cabs to Ford Rangers with the exception of the Fire Department's pick-up and the Police Department's Expedition. Mr. Austin said that these larger vehicles were needed to accommodate the gear that the firefighters haul and the computer

equipment the police department utilized. He further explained that Ford no longer provided a police package with the Explorers. Selectman Walsh agreed to consider the size issue when new vehicles were purchased.

Selectman Baschnagel suggested delaying the \$22,000 expenditure associated with sidewalk work linked to Dartmouth's South Block project. Town Manager Griffin acknowledged the Court actions that had been filed against the Town's approvals of that project. Mr. Walsh asked that it be put on The List.

Mr. Walsh thanked staff for their efforts stating that the proposed budget was clear and understandable.

Wastewater Treatment Division (WWTP)

Town Manager Griffin advised that there were 2 significant areas of increased expenditures in this budget. One was for an additional treatment plant operator; the other was to beef up the annual contribution to the plant reserves. Selectman Christie asked if the equipment being reserved for was the same equipment that was bonded for last year. Ms. Griffin said no, the bond financing relates to improvements that were currently being implemented at the plant. The reserve would relate to future improvements to the selector zone and clarifiers. She added that the Town was still paying off a bond from a 1987 upgrade to the WWTP. Those payments were partially offset by State grant funding. The 1987 bond would expire in 2008. Mr. Christie asked that the WWTP reserve be put on The List.

Selectman Walsh asked of the 94.4% revenue increase to Sewer Rate Study Recovery. Ms. Griffin said that the Town would need to recover an additional \$146,573 by the end of the current fiscal year. Next year it would need to recover \$284,994, an additional \$138,421. Two rate increases would have to be implemented to achieve these revenues. Ms. Griffin noted that the FY 04 budget asked for revenues totaling \$57,794 from Lebanon, \$103,817 from DHMC, and \$862,158 from Hanover (net the Lebanon and DHMC figures). Mr. Walsh said that these increases would calculate out to an average increase of 24%, to a charge of \$236 per year, to achieve revenue figures for FY 2004. He estimated that in FY 05 the sewer rates would again have to be increased an average of \$28 dollars to reach revenue projections for that year. He said that in the end, the Town's sewer rates would tally close to \$352, which would be just under the State average.

Ed Rushbrook, of Underwood Engineers, Inc., introduced Steve Clifton who had been working on the rate study and asked that Mr. Clifton walk the Board through a few options he had developed. Mr. Clifton provided 2 handouts to the Board. He said in working with Mr. Kulbacki and Ms. McClain he was able to put together a Sewer User Rate Model that balanced revenues and expenditures. He provided statistical information on water usage, meter sizes and user classifications. He said that sewer billing records were based on water meter records.

The first handout listed sewer accounts by meter and user classification. It was based on raw data collected in FY 02/03. Selectman Baschnagel questioned if residential accounts included institutional residences. Mr. Clifton said no, the residential accounts represented single-family residences and multi-family apartment complexes. The institutional accounts were primarily Dartmouth College. Mr. Clifton emphasized that the yardstick was an average single-family residential house. That yardstick said, for this billing period, the average single-family home used 181 gallons/day. Selectman Walsh asked where Hanover's \$190.72 average residential bill was in relation to the State's averages. Mr. Kulbacki advised that the State average was \$363. Mr. Clifton further explained that the State's yardstick was 12,000 cubic feet a year; Hanover's typical residential homes used about 9,000 cubic feet per year.

Mr. Clifton's second handout was a different presentation of the same information provided in the first handout. It broke out percentage of flow and percentage of revenue from FY 02/03 by user class. The results indicated that the residential users made up 85% of the Town's accounts, utilizing 35% of the total flow, but accounting for 42% of the revenue. The commercial users made up 4% of the Town's accounts; using 8.8% of flow, and 8.4% of usage. Industrial accounts used 5.7% of flow and 5.4% of usage. Institutional accounts used 49.6% of flow but only accounted for 43% of the revenue. Town Manager Griffin said that this inequity would be discussed at a later date and corrected in future rate changes.

Mr. Clifton said that the model being presented would provide a simple presentation of the revenues generated, expenditures, reserve spending, and reserve balances. A future bond, totaling \$4 million, would be needed to cover future plant improvements. A rate structure would be developed to pay back that bond. Selectman Baschnagel noted that the cost of providing service was typically figured into a rate structure. He said that he assumed those issues would be discussed. Mr. Clifton explained that more would have to be known of the characteristics of wastewater in Hanover's flow in order to calculate cost of services. He said that at this point, he could make educated assumptions in developing a normal cost for service and incorporate a surcharge for anything above normal.

Mr. Clifton said that the consultants were prepared to meet with Town staff to run through some scenarios. He said that the sewer rates were based on 2 components: capacity and usage. The capacity charge would be based on meter sizes and the usage charge would be based on the amount of use. Capacity charge is \$85 per use for typical residential users; Use charge is \$11.97 per 1,000 cubic feet. He said that the charge amounts could be changed but that it would be best to change them uniformly and increase rates across the board.

The Board agreed to hold a work session on Monday, March 29, 2004 to discuss wastewater rate implications with staff and the consultants. A public hearing will be held on Monday, April 26, 2004 on the resulting wastewater rate increases. As such, Selectman Walsh asked to continue with the budget review.

Selectman Walsh asked why another full-time person was needed at the plant. Town Manager Griffin said that DES had been urging the Town to add a staff member based on State staffing models for treatment plants of Hanover's size and capacity. She said that the change in treatment from UV to chlorination/dechlorination was another factor as was staff's plan to implement an Industrial Pre-treatment Program, which was also suggested by the State. Ms. Griffin argued that it would take additional staff time to implement, manage, and oversee such a program. Mr. Kulbacki said that Hanover's organic loadings were unusually strong. He said that to manage the loadings, staff must be more diligent in sampling the large users, identifying the sources of increased loadings, and keeping them at certain levels. He cautioned that if certain things were not removed from the discharge, the plant's sludge would become a hazardous material that would then have to be landfilled. He said that additional staffing was also needed on the mechanical/electric side to maintain equipment. This person would also perform duties related to the Hanover Water Works Company. Ms. Griffin said it was possible that a portion of this additional staff person's time would be charge to the HWWCo. Selectman Connolly asked if the sampling fees should be assessed to the emitters. Mr. Kulbacki said yes but explained that staff must make sure that they follow through and monitor their progress. Mr. Walsh said that he was more enthusiastic about the characterization that the Town would be adding a program which is intended to get more distance out of the fixed plant capacity. Ms. Griffin advised that both Lebanon and Claremont had Industrial Pre-Treatment Programs in place. She said that Hanover was the next largest plant in the area that did not.

Selectman Baschnagel asked of the 102.3% increase to Plant Operations, Supplies and Materials. Town Manager Griffin said that the purchase of an additional polymer (\$30,855) attributed largely to that increase. Kevin MacLean, Water and Wastewater Treatment Superintendent, explained that the plant was generating more sludge which was driving the usage of the polymer up. Mr. Kulbacki said that additional chemicals would also be needed for the chlorination/dechlorination treatment.

Selectman Walsh said that he was not comfortable passing a budget that implied a 40% increase in sewer rate fees much of which was driven by a Capital Reserve number that was questionable. He suggested reducing the Sewer Rate Recover Study revenue and the Capital Reserve expenditure by \$49,333 to reduce the rate increases that would be required and to address the issue of double dipping; that is, charging current users for current and future plant improvements. Mr. Kulbacki said that he agreed that it would be possible to reduce the Capital Reserve amount, as it was unlikely that the entire reserve would be spent at one time. Mr. Walsh said that there was a 20-year cash flow analysis that needed to be done. Selectman Baschnagel cautioned against reducing the reserves, as the Town would be facing additional capital demands totaling \$1.7 million within 5 years that was not included in existing bonding. The Board agreed to follow Mr. Walsh's suggestion.

Selectman Connolly asked what kind of car the WWTP staff utilized and why they had one. Mr. Chase explained that the WWTP was given an old police detective's car last

year. It was used to transport staff to classes/seminars and for administrative purposes. He said that two trucks were also assigned to the WWTP.

Capital Improvement Program

Selectman Connolly asked that in the future the budget proposals include years when each item being replaced was originally purchased. Mr. Walsh asked that the Capital Improvement Projects list cumulative reserve balances in the future.

It was noted that the General Fund purchases totaling \$224,609 were reviewed as part of the individual budget reviews as were the General Fund Capital Reserve contributions. Selectman Connolly suggested postponing the shim/paving work on South Main Street until Dartmouth's South Block project was completed. Selectman Baschnagel suggested not repaving Ruddsboro Road as nicely as Rennie Road was done in an effort to discourage traffic and speeding. It was noted that Rennie Road was listed in error. It should be replaced with Wyeth Road.

Selectman Pierson noted that all of the Capital Reserve Balances appeared to be quite high. He asked if the Town was trying to maintain a certain balance. Town Manager Griffin said that only a portion of the intended replacement schedules were shown. At some point those balances would drop down very low. She said staff reviewed all of the reserve balances annually, looking for revenue opportunities in places where over-reserving could be occurring.

Selectman Walsh asked why the \$50,000 budgeted to the Parking Fund Capital Reserve was not listed. Ms. McClain explained that that money was budgeted as a current year appropriation for capital improvements; in recent history, these amounts had been transferred into the Capital Reserve Fund by Town Meeting authority if not spent in a year's time. She noted that the current year's appropriation would be used to cover the expenses associated with the booth renovation and would not be transferred to the Capital Reserve Fund.

Town Manager Griffin advised of a revised Fire Capital Improvement handout that was provided to the Board previously. It outlined staff's attempt to maintain the recommendation to replace Engine 4, to spread out the vehicle replacement schedule, and to look at a plan to fund the tower ladder replacement. A tower ladder replacement of \$650,000 was budgeted in the revised reserve calculation. Selectman Walsh said another question was the need for a tower to serve 4 or 5 towns and whether those towns should finance the tower together. Selectman Connolly said that Hanover's need for a tower was generated by the 7-story hospital that had since relocated to Lebanon. Selectman Baschnagel said that the College was looking to construct buildings equivalent to the hospital in size.

Selectman Walsh questioned why the revised \$70,000 Capital Reserve number was lower than the \$98,500 Capital Reserve number listed in the proposed budget. Ms. McClain

explained that the schedule being discussed outlined vehicle and apparatus replacements only, the \$98,500 transfer to the Fire Department Capital Reserve Fund included \$70,000 for vehicles and apparatus, plus \$28,500 for the replacement of protective clothing, turn-out gear, and a self-contained breathing units.

Selectman Walsh said that this was a great first step to extending the replacement schedule and looking at a reserve that allows for the replacement of a significant piece of apparatus. He asked that Selectman Christie's double dipping concern with respect to Capital Reserve Funds and bonding be discussed in September in collaboration with the Finance Committee.

3. PUBLIC HEARING FOR CONSIDERATION AND APPROVAL OF THE FY 2004-2005 PROPOSED BUDGET

Town Manager Griffin advised of handouts that were provided to the Board at the start of the meeting. They included information on electrical permits offered by other New Hampshire towns, an updated Wish List, options for General Fund adjustments, and 4 sheets related to the Fire Fund.

Selectman Walsh advised of Selectman Christie's concern for the Town's action to tap into the General Fund's Undesignated Fund Balance (UFB) annually to keep the tax rate low. Mr. Walsh explained that the UFB was an accumulation of moneys that had been taxed but not spent over the years. Selectman Christie said that his concern was with building in on-going expenses into the operating budget without building them into the tax rate. It was noted that the current budget proposal suggested using \$185,497 of the UFB, which would bring its balance close to 5% of the total General Fund expenditures. The Board reviewed a list of possible one-time expenses that was drafted by staff and opted to fund the following from the UFB:

Lyme Road improvements	\$ 50,000 (1 st of 2 payments)
Howe Library windows/furnace	\$ 16,550
Master Plan consultant	\$ 20,000
Public Safety Building generator	\$ 24,000
South Block sidewalk	\$ 22,782
Howe Library sidewalk	<u>\$ 3,080</u>
	\$119,862

Staff also produced lists of possible revenue and expenditure adjustments from within the proposed budget and provided The List of the items the Board questioned during their review of the individual department budgets. Selectman Christie suggested changing the tax rate target to 2.6% to match the current inflation rate. This would provide an additional buffer of \$25,000.

The Board took advantage of the following revenue adjustments:

Retain increase in franchise fee over FY 03/04 level	\$ 1,500
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Increase motor vehicle registration revenue	\$20,000
Increase Parks & Recreation Adult Programs Revenue	\$ 2,000
Increase Parks & Recreation Teen/Special Programs Revenue	\$ 2,500
Correct Cemetery Trust Funds Disbursement omission	<u>\$ 3,000</u>
	\$29,000

They also took advantage of the following expenditure adjustments:

Reduce MIS equipment expenditures	\$ 5,000
Eliminate funding for Building Maintenance Assistant	\$11,760
Reduce Operational Equipment at the Community Center	\$ 5,000
Reduce Building Maintenance & Repair at the Police Department	\$ 5,000
Reduce Parks & Recreation Adult Programs expenditure	\$ 1,000
Reduce Parks & Recreation Teen/Special Programs expenditure	<u>\$ 2,500</u>
	\$30,260

Ambulance Fund

Ms. McClain explained that the distributed Town of Hanover – Ambulance Services Revised Proposed FY 2005 Operating Budget report was drafted to clarify issues raised during the Board’s review of the Ambulance Fund’s proposed budget. It broke down revenue figures into amounts that would be billed to patients less what the Town would not collect in disallowables. Added to these revenues was the amounts the Town planned to recover from Lyme and Norwich for their portion of the disallowed amounts, plus some small miscellaneous revenue. The end result was projected FY2005 revenues of \$255,243. Selectman Baschnagel asked if the Town had billed Norwich or Lyme for the disallowables in the past. Town Manager Griffin said no. Mr. Baschnagel asked how confident staff was that the Town would receive these funds since those towns had already passed budgets that did not incorporate these expenditures. Ms. Griffin said that she did not know.

Town Manager Griffin said that the next step was to weigh expenditures against the \$255,243 projected revenue. She said that in staff’s attempt to level fund the budget, the total proposed expenditure for the Ambulance Fund was reduced to \$445,884, which represented a \$89,492 reduction in expenditures from the amount proposed on March 1st. This was achieved by reducing reclassifying the disallowed insurance amounts as contra-revenue items, not uncollectible expense, and level funding Professional Services, Property Services, Dues and Memberships, Operational Equipment, and the Transfer to Capital Reserves. Other expenditure changes proposed slight increases to the FY 2004 budget in Supplies and Materials, Auto/Education, Dispatch Charges, Charges from Administration, Charges from MIS, Charges from Fleet, and Property Liability Insurance. Selectman Walsh asked if any of the changes suggested would impact the services available to Hanover, Norwich or Lyme residents. Fire Chief Roger Bradley said no.

Ms. McClain explained that the amount that needed to be raised via per capita charges was \$190,641 (which represented the Ambulance Fund’s projected expenditures

(\$445,884) minus its total projected revenue (\$255,243)). She said that two options were developed to calculate per capita rates for Hanover, Norwich and Lyme residents. The difference between the two options was the way in which Dartmouth students were figured into the population counts. Option #1 considered Hanover's population without including Dartmouth's undergraduate population. Option #2 considered Hanover's population as a gross total, including the students. The result was that the Town would receive a lower ambulance services charge of \$109,639 but a higher per capita rate of \$15.44 if the student number was deducted from its population count. When the gross population was used, the per capita rate was driven down to \$11.84 but the charge to Hanover was increased to \$128,499. Ms. McClain argued that there was precedent for the Town to reduce the population numbers as was done for planning purposes and this has been the past current practice.

Selectman Walsh asked what portion of the Town's ambulance runs served Dartmouth students. Ms. McClain said that the statistics provided within the budget reported that Dartmouth comprised 9.3% of the Ambulance call runs. Selectman Baschnagel argued that at some level the Dartmouth students were served by Dick's House and the Town just picked up the spill over. Town Manager Griffin added that the students were not year-round residents. She said if the Town used the approach used in the past, not to count the Dartmouth students, they would save the General Fund \$29,884 in per capita charges assessed through the Health & Welfare Budget.

Selectman Christie asked if the per capita rates had been negotiated with Lyme and Norwich. Ms. McClain said that they were agreed to in annual contracts that followed the fiscal year. She said that she believed she had asked Lyme and Norwich to incorporate a 7% increase from FY 2004 to cover their community contributions.

Selectman Walsh asked of the balance of the Ambulance Fund's UFB. Ms. McClain reported \$22,533. Mr. Walsh asked if the Capital Equipment Reserve was fully reserved. Ms. Griffin said yes but explained that a \$15,000 proposed contribution to begin saving for the replacement of the ambulance defibrillators had been cut in an effort to level fund the revised proposed budget. It was noted that the defibrillators were 8 years old and their replacement costs would total \$90,000. Their estimated life was 10 years.

Selectman Baschnagel expressed concern for the timing of having to ask Lyme and Norwich for an additional \$5,000 and \$10,000 respectively to cover disallowables under Option #1. Selectman Christie suggested that that was the reality for delivering service at these levels. Selectman Walsh agreed. He said that he also favored Option #1 due to the amount of calls generated by Dartmouth students versus the total calls generated. It supported the notion of disqualifying students from the Hanover population counts. However, he cautioned, if too much revenue was built into Option #1, the Town might end up with a negative Fund Balance at the end of the year. It was noted that both Norwich and Lyme operated on calendar year budgets which enabled them to seek the increase to the second half of Hanover's fiscal year in their next budget cycle. Fire

Captain Michael Hinsley suggested that increasing to a \$15.44 per capita fee would put Hanover's rates in line with what Upper Valley Ambulance charges.

The Board agreed to follow Option #1. Selectman Walsh said that he was unhappy about the defibrillators, stating that next year they will have to be sure to have the right reserves and the right revenues. Town Manager Griffin said that next year staff would propose tapping into the reserves in this framework to clearly show how the disallowables factor into the revenue side.

Fire Fund

Turning to the Town of Hanover Fire Department – Professional Development Expenses sheet, Town Manager Griffin advised that this was drafted in response to Selectman Connolly's concern for the Professional Services expenses when comparing 2003 and 2004 figures. As indicated on the sheet, staff was able to reduce the previously proposed Administration costs by \$1,000 and the Training costs by \$975 to reduce the overall cost to Professional Development to \$7,725.

Ms. McClain explained that 4 scenarios were shown on the Town of Hanover Proposed FY 2005 Budget – Fire Department sheet relative to possible funding for the Fire Fund. The first scenario reflected the originally proposed FY 2005 budget which suggested raising \$1,945,000 through taxation. The second scenario charged the Ambulance Services to the General Fund, reduced expenditures to Office and General Supplies, Technical Equipment, Lyme Road Fire Station Facilities Costs, Etna Fire Station Facilities Costs, and Professional Development, and reduced the draw from the Fund Balance. The end result suggested raising \$1,978,592 through taxation. The third scenario incorporated all of the changes proposed in the second scenario plus deferring the replacement of Engine #4 and other equipment pieces, which could reduce the contribution to the Capital Reserve by \$35,000. Its end result suggested raising \$1,943,592 through taxation. The fourth scenario suggested charging the Ambulance Services to the Fire Fund with proposed reductions including deferring the replacement of Engine #4, resulting in a proposed Fire District Tax Levy of \$1,998,412.

Town Manager Griffin said that by transferring the necessary Hanover taxpayer community contribution into the Fire Fund, the General Fund would see a savings in the community contribution. She said that the current fire district tax rates were at \$0.34 for District #1, \$0.65 for District #2, \$1.45 for District #3, and \$1.73 for District #4. She said if the original proposed budget was followed, and the fire districts reduced to only two, Districts #1 and #2 would experience fairly substantial increases in their tax rate but Districts #3 and #4 would see reductions. Essentially the change would shift the burden of cost for supporting public safety. Option #4 would save the General Fund over 2%, which would then be assessed through the Fire Fund and collected through the Fire District tax rate. Under the redistricting scenario, District #1 (the Rural Fire District) would see a \$0.01 increase based on the current budget and District # (the Hydrant Fire District) would see a \$0.05 increase. Ms. Griffin said that next year, the Board may want

to think about relieving the General Fund of that burden and allocating the cost of the community contribution through the Fire Fund tax rate in combination with revising the Fire District boundaries. Selectman Christie said that the logic behind the newly proposed Fire District was hydrant locations, which did not coincide with Ambulance Services.

Selectman Walsh proposed following the second scenario but said that he was uncomfortable with a carrying 13.6% balance in the Fire Fund's UFB. He suggested bringing that balance down to 10% and using those funds elsewhere. Ms. McClain said that the 3.6% would equate to \$54,632, not including the \$24,000 listed in the second scenario. Selectman Connolly suggested transferring the 3.6% excess to the General Fund. Mr. Walsh suggested deducting only \$40,000 of the \$47,000 that was to be transferred from the Fire Fund to the General Fund and transferring \$14,632 of the excess to the Ambulance Fund to pay for the defibrillators.

The Board agreed to the following actions in the General Fund:

<\$185,497>	was proposed to be drawn from the UFB
+ \$119,862	would be used from the UFB to pay one-time expenses
+ \$ 29,000	was recovered in revenue adjustments
+ \$ 30,260	was recovered in expenditure reductions
+ \$ 29,884	was saved in per capita charges assessed through the Health & Welfare Budget
\$ 23,509	
<\$ 47,000>	cancellation of the transfer from the Fire Fund
+ \$ 40,000	partial reinstatement of the transfer from the Fire Fund
\$ 16,509	This amount will be used against the Wish List.

General Fund Wish List

The Board opted to fund the following from the Wish List:

\$ 3,331 Etna Library request for 3 hours staff time

\$ 7,400 Howe Library request for 5 hours for the Children's Librarian

Marlene McGonigle, Director of the Howe Library, explained that this same funding request was made a year prior but without success. She said that the Children's department would soon be relocated to the lower level and would require additional staffing.

~~\$ 7,500 Howe Library request for increase reserve funding for Innovative upgrade~~

Ms. McGonigle explained that \$2,500 was already reserved annually. She noted that the Howe Corporation was also reserving \$10,000 annually. Town Manager Griffin added that this funding was cut in response to the extra department expenses incurred for the server replacement.

~~\$ 2,100 — Planning & Zoning request for part time vacation coverage~~

Town Manager explained that this funding would enable this Department to pay for someone to cover their Administrative Assistant's vacations. Selectman Baschnagel asked if the Parking Administrative Assistant could act in that capacity. Ms. Griffin said no. Jonathan Edwards, Planning & Zoning Director, said that it was not terribly desirable or helpful to the public or staff when the Administrative Assistant was out. He acknowledged the Board's generosity in other areas and agreed that he could live without this funding.

\$ 2,500 Police request for patrol overtime

Police Chief Nick Giaccone argued that based on the overtime usage over the last two years this time was very much needed. Town Manager Griffin advised that this represented a reduced overtime expenditure from what the Chief originally proposed. When asked to prioritize his requests the Chief asked for the radar unit, the dispatch overtime, the patrol overtime, the rifle lights, the software, and lastly for the body bunkers.

~~\$ 5,080 — Police request for Accident Investigation Software~~

~~\$ 3,493 — Police request for rifle lights~~

~~\$ 7,722 — Police request for body bunkers~~

\$ 1,780 Police request for a radar detection unit

\$ 1,500 Police request for Dispatch overtime

~~\$ 7,500 — Public Works request for traffic engineering services~~

Town Manager Griffin said that this would enable staff to be more professional in their efforts to address traffic calming and general traffic engineering services.

~~\$ 60,300 — Public Works request for Hovey/Buell sidewalk~~

Selectman Walsh spoke against this sidewalk proposal.

~~\$ 1,500 — Executive request for Hanover/Joigny Exchange appropriation~~

Selectman Christie suggested that this did not serve enough of the population.

\$16,511 Total Funded Within the General Fund for FY 2005

The Board also agreed to fund the following Wish List items as indicated:

\$ 2,500 Conservation Commission request for Upper Valley Trails Alliance program

Selectman Baschnagel advised that the Conservation Commission had not formally voted on whether to support this expenditure or not. They were asking that the Board defer from making a decision on this request pending their vote at their March 10th meeting. Selectman Walsh suggested splitting the \$10,000 overall expense between the Conservation Fund and the Land and Capital Improvements Fund. He said if the Commission chose not to fund the Program the Town would not contribute at all. It was stated that the first and third year's funding of \$2,500 each would come from the Land & Capital Improvement Fund with the understanding that if the Commission did not fund the second year, Hanover would no longer participate in funding the program.

\$ 49,600 Public Works request for Ruddsboro Road retaining wall

Mr. Kulbacki suggested that this work could be delayed for a few years. Selectman Walsh proposed funding this in the FY 06 budget as part of the Bridge Reserve Fund. The Board agreed.

Fire Fund Wish List

\$3,500 for Decontamination Training

Selectman Baschnagel suggested funding half of the \$7,000 requested. Captain Hinsley said that he would take what he could get and that he would apply for grant funding to make up the difference. Mr. Walsh suggested providing the \$3,500 from the Fire Fund's Undesignated Fund Balance. The Board agreed.

Parking Fund

Town Manager Griffin recapped the items that were placed on The List during the Board's review of the Parking Fund as being:

- Utilization of the Parking Fund's UFB
- A request for additional information on the rental parking situation
- The cost allocations from the Parking Fund to the General Fund
- The Charge from the Police Department
- Advanced Transit (AT) funding
- Revenue figures for the parking garage

- Whether to impose the Downtown Parking District Tax or not

Ms. Griffin advised that the staff had provided the Board with additional information on the rental parking situation, AT funding, and parking facility revenue, and some background on the issue of the Police Department charges. She said that it had been decided that the cost allocations would be discussed as part of the FY 06 budget. She asked if the Board was comfortable with the amount of the Parking Fund's UFB being used to balance the General Fund budget. She noted that after this transfer the Parking Fund's UFB would be at 20%. Selectman Baschnagel said he would have preferred to move some of the Fund Balance into the Capital Reserve, as it would be needed at some point and would crystallize the issue of putting a budget together without relying so much on the Parking Fund's UFB. Selectman Walsh proposed not making any further changes to the proposed Parking Fund budget and to discuss the Parking Fund budget next January in terms of its basic financial structure. The Board agreed. Chief Giaccone suggested that the Board review the parking rates and fees at that time as well.

After being addressed by Selectmen Walsh, Mado MacDonald, a member of the Hanover Finance Committee, said that she was impressed as usual at the way in which the Town was being administered. She said that she was happy to be in attendance.

4. APPROVAL OF MINUTES: FEBRUARY 9, 2004

Review of the minutes was continued to March 15, 2004.

5. ADMINISTRATIVE REPORTS: An Administrative Report was not given.

6. SELECTMEN'S REPORTS: Selectmen's Reports were not given.

OTHER BUSINESS: There was no other business discussed.

7. ADJOURNMENT:

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

Respectfully submitted,



Peter Christie, Secretary