

FINAL

BOARD OF SELECTMEN'S MEETING

July 12, 2004

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

The meeting of the Board of Selectmen was called to order at 7:30 pm by the Chairman, Brian Walsh. Present were: Brian Walsh, Chairman; Katherine "Kate" Connolly, Vice-Chairman; Peter Christie, Selectman; William "Bill" Baschnagel, Selectman and Julia Griffin, Town Manager.

1. Public Comment

Aharon Boghosian of Gilberte Interiors stepped forward to talk about an article in the Valley News about the demise of the Hanover Street Fest this year. There is a group of retailers, including Mr. Boghosian, Lou's Restaurant, Omer's and Bob's, Brambles and Main Street Kitchen to name a few, that are planning an alternative to the Street Fest. They would like to have this take place on August 14th. They would like the Selectboard's approval in order to go forward. The group is calling each of the retailers in the Downtown area to seek their involvement. The response has been very good. In the past Hanover businesses have comprised only a small portion of the businesses that have participated in Street Fest. That lack of interest led to the Chamber of Commerce's decision to discontinue the Street Fest. They have amended the program to include a smaller scale; one that uses just the Main Street portion. This would be open to only Hanover Businesses. Mr. Boghosian is looking to the Hanover Selectboard for approval of their plans.

Chairman Walsh said he would like to get a sense of where the Board members stand on this and if they approve he would like to get specifics from the group at the next Selectboard meeting. Ms. Griffin said she would need a letter outlining just what they would expect the Town to do. This letter should include the key components of the plan that have an impact on the Town from an operation stand point.

Mr. Boghosian said he has a meeting tomorrow with the group of retailers; they intend to put the finishing touches on their proposal. They should have a final head count on who is going to be involved in this. If they only get twenty to twenty-five retailers signing up, it probably won't happen. It looks like they many have thirty to thirty-five people involved.

Chairman Walsh polled the Selectboard and all were in agreement that the event would be good for Hanover and they support it. Chairman Walsh told Mr. Boghosian to work with Ms. Griffin to figure out the details and bring it to the Selectboard in two weeks and he should expect that unless there is something radical and ludicrous, such as use of Town money, they will probably get final approval.

2. Public Hearing for Consideration and Approval of Implementation of Downtown Business Service District

Chairman Walsh said the Selectmen have heard discussion on this once or twice before Town Meeting. This was put on the Town Meeting agenda; the Town Meeting passed an enabling warrant article that allows the Selectboard to create such a district. There have been two meetings that have been open to the public but were not Public Hearings, since Town Meeting. This is the official Public Hearing which the Selectmen need to hold before acting on the creation of such a district. Chairman Walsh officially opened the hearing.

Chairman Walsh asked if someone would like to give a brief overview of this district and what it would do in the first year.

Jim Rubens, from Etna said nexus of this solution was that in the past four years, as a result of West Lebanon becoming more competitive, the Downtown loosing anchor tenants, the whole Town loosing its anchor, the hospital moving out a few years ago; a number of retailers have expressed concern. There were three brainstorming meetings with the Chamber of Commerce. The general sense was that foot traffic is declining. All retailers and landlords were invited to these meetings and a large number participated. From this came several pages of ideas and the desire to learn more. With the participation of the Selectmen they raised \$16,000 and retained a firm to do some focus group analysis of what people thought of Downtown Hanover. They had a presentation session where the results of that study were presented to the merchants and property owners. The question was put to the group at the end of the presentation as to whether they would like to move ahead with a marketing program, per state law, funded by a marketing tax. There was not a single person who objected to the idea. They then went to the next step and held several more meetings at which the process of making this happen was designed. Letters, emails and phone calls were sent to all merchants and property owners soliciting involvement in this process. They then moved ahead with the Selectmen's backing the enabling ordinance was put on the warrant. The voters, at an open Town meeting, had discussion; some questions were raised and the voters voted unanimously to allow the proposal.

Chairman Walsh said the Selectboard has had two Public Discussions relative to what the boundaries of this district would be; what parcels of land would and would not be in it.

Ms. Griffin said the proposal was mailed to all the property owners as part of the public notice process. The Chamber of Commerce also alerted as many of the tenants and members of the Downtown area as they could.

Chairman Walsh said State Law enables the Town several ways in which this tax can be levied. The Selectboard decided the administratively simple and most fair way would be to use the appraised value on the grand list. This is part the proposal.

Chairman Walsh opened the floor for discussion, questions and comments either for or against the proposed Business Service District.

Jim Rubens said the point in structuring this as described is the goal to include all the properties in the Downtown; there are a few left out because they are nonprofit. The reason for doing this is that all people who benefit are paying into this, the cost becomes very low, about ten cents per square foot per year. You can compare that to the typical marketing fee imposed on regional shopping malls, which runs between two and five dollars per square foot. By bringing the whole Downtown in under the umbrella we keep the cost very low.

David Clem, of 10 Parkway stepped forward to voice his opposition to the proposed tax. Mr. Clem is the managing partner of Lyme Properties, who is the owner of two properties in the proposed district.

Mr. Clem said he voiced his opposition to this tax in the focus group session with The Chamber of Commerce. He is not disputing the fact that it is a well-intentioned proposal. He is not disputing the fact that there is a group of volunteers that has abdicated the passage of this proposal for quite some time. He is not disputing the fact that state law allows this or there has been a process. Mr. Clem spends part of his day working out of Town and has not been able to attend all the meetings. As a company, Lyme Properties has been supportive of the Downtown, both in terms of make significant capital investments to the two properties they own, but also expanding the retail base and making voluntary contributions to the planning effort, both in time and dollars, because they care about that. He is however, opposed to this proposal, in response to in part to one of the letters that came from one of their tenants. The tenants in their properties consist of The Dartmouth Coop Society, The Canoe Club, Foxtail and Cotton Crew. One of the reasons he doesn't think this is a fair and equitable mechanism is that they have two buildings; two-thirds of the use of both those buildings is occupied by office uses. In a survey of their office tenants they found their tenants don't believe that whether it's ten cents or ten dollars, that this directive relates to them. Under most leases, in mixed uses environments, you would equitably distribute those charges, if you pass along those charges at all. Real estate tax is based on square footage occupancy. In that regard, Mr. Clem doesn't feel, in one of their buildings, they would have the right to pass along the increased tax to their office tenants, since it would be done on a square foot basis and they don't benefit. In another case, they put out as part of the divisioning process and tried to find retailers that would compliment what was going on in the Downtown. They then established not fair market rents, but instead structured percentage leases to try to find retailers who could afford to pay a certain percent or over that associated with basic leasing of the space and their property taxes. In those specific cases they don't have the authority to pass along the tax because Lyme properties pays for all those operating expenses.

For Mr. Clem the issue is much more than the dollar amount. Lyme Properties has the capacity to pay this tax and not worry about it; but some of the retail owners who are

impacted by it may not. Mr. Clem undertook an effort to find out if there is in fact, broad based support for this proposal or even a broad based understanding of it. He allowed one staff person to spend part-time, on two days, to try to go door to door and try to get to know and interview the retail merchants, the people that this tax is supposed to benefit the most. They determined that there are approximately eight-seven retail shops in Hanover, largely on the ground floor, but some on the second floor. Of those eighty-seven retail shops, they were able to visit and meet with the store managers of seventy of those. Almost sixty percent of those completed an entire six question survey. What is interesting in those six questions is as follows:

Eighty percent of the retail owners and managers have heard about the proposal to establish a Downtown Business Service District.

Only three of the respondents learned about the proposal from a Town Government representative and another eleven by attending a Hanover Chamber meeting.

Sixty-five percent answered that they did not speak directly with either a Hanover Chamber of Commerce official or a Hanover representative.

Only forty percent of the respondents answered that they understand how the tax works.

Only fifteen percent of the respondents said they agreed with the proposal.

Forty percent said they disagreed with the proposal.

The Largest percentage, forty-five percent said they wouldn't comment which is not surprising to Mr. Clem since forty-five percent of those individuals surveyed expressed the desire to learn more about the proposal.

Mr. Clem said this doesn't mean there wasn't a process or Public Meeting, but anybody who has retail tenants should know how hard they work six and seven days a week. They often don't have the energy or time to go to meetings.

There were numerous suggestions of things that are more important than a marketing tax, things for the Town to do, things for the Chamber to do. The issue is what the Hanover Selectboard should be doing. The comments in the public comment section about the voluntary effort of some of the merchants to resurrect Street Fest came through loud and clear in survey results in terms of comments. People want to have a Street Fest that is catered to the Hanover merchants, not those outside of the town.

Hanover has it good right now, but some retail owners are struggling. In some cases it is because of the general economy over the past several months. Gross sales for many retailers, even the large international chains, have been flat or are in decline in some cases. This is not unique to Hanover. There are several individual retailers in Hanover,

who spend over \$50,000 per year in advertising and their sales are not growing. In some cases this is because retail is failing. As an industry, big cost retailers are becoming the normal and small store owners, the kind that everyone in Hanover says they prefer, are having to reinvent themselves. This too, is not unique to Hanover. Virtually every small and medium-sized town in the United States has their Route 12A to contend with. Mr. Clem urged the Selectboard to get a copy of the ULI's latest book about small-town downtowns and what can be done to help them.

Mr. Clem said the answer is not a new tax on Downtown merchants. The answer is not a \$50,000 effort to for the health of eighty-seven retail stores. This proposal, in Mr. Clem's opinion, has divided Downtown merchants and property owners. Some retailers are indifferent to this proposal, because it won't impact their profitability significantly, if at all. Based on the comments from some of the survey respondents, as well as some of the information that was sent via letter; some will see this enactment as the symbolic straw that breaks the camel's back. Many feel the Chamber is not listening and the Town is not listening. He personally feels that the Town is not asking. Why can't Town government spend as much time asking retail owners what they need and want as they do propagating new administrative regulations telling a store owner what they can and can't do. Why can't the Hanover Chamber speak with each retail owner; we are after all a small Town, instead of calculating a way to raise administrative revenues from sources other than dues. Why can't existing staff in the Chamber and Town Hall conceive of and implement ways to promote Downtown using existing resources and talent, as opposed to contracting out marketing services. The thing that you can guarantee about outside consultants is that next year they will want to do more and require more and bigger taxes. How will the Town measure success. If less than one-third of today's retail owners have been asked about implementing the program; how will the Town evaluate its' success one year from now, a marketing brochure produce by an out-of-town marketing agency? Mr. Clem doesn't think that's a good way of evaluating a marketing campaign. The Board of Selectmen should not support a marketing tax. If an overwhelming majority of retailers do not support the effort, it will fail. In fact, most successful downtown efforts require the support of the full community, not just downtown property owners or downtown merchants. The proposal before the Selectboard, however well intentioned, is flawed; it lacks the support necessary to succeed, it lacks the resources necessary to be truly effective. It is difficult to comprehend how an additional tax on Downtown property owners is the best route to maintain the economic health of our commercial district. This tax, as proposed can't be administered equitably and on those grounds alone, it should be reconsidered, in Mr. Clem's opinion.

Leo McKenna???, an officer of Madacar Inc. said they would have the same problem as Mr. Clem has; they have retail clients and office clients. He can't imagine how they will distribute the tax between the retail and the office clients. He feels it would be unfair to pass along retail benefiting taxes to their office clients.

Marc Milowsky, the owner of Molly's and Jesse's Restaurants said one of his businesses is in the district proposed. He said he agrees with David Clem and is opposed to the

marketing proposal. Jim Rubens called him a couple months ago and outlined what was being discussed. He told Mr. Rubens at that time, that he is opposed to the marketing tax. He is against this for a couple reasons. One, he feels he pays enough taxes already. He wouldn't mind paying more taxes if he felt it would benefit the Downtown. He thinks the marketing plan that is outlined won't do that. The Town had a similar marketing plan several years ago. An advertising firm was hired to go out and do advertising for the Downtown district. He didn't see any appreciable increase in sales. He thinks it was a waste of time and money on everyone's part. He also feels the biggest gloss for the Town of Hanover, is the College and all the things associated with it. They are the things that really market the Town of Hanover. They bring the people in; it's up to the individual business owners to take it from there. If there is a problem then the merchants aren't doing a good enough job to bring these people back. He doesn't think the Downtown can compete with the big stores and the giant parking lots. The small businesses in Town have to do what they can to show people that this is a great place to come back to. Hiring an outside marketing firm to tell us what we already know is a waste of time.

Suzanne Smith, proprietor of The League of New Hampshire Craftsmen, she is one of the merchants that is for this tax but she is present to protest one thing. When the proposal was brought forward one of the ways it was presented was that the parking tax that merchants pay would be waived because the Town really doesn't need the income and instead they would have this other tax. Last month she got an increase in her parking. She is now thinking twice about the marketing tax.

Chairman Walsh said we should try to separate the two and speak to the parking tax side of the equation.

Selectman Baschnagel said there are provisions in the Town ordinance for us to raise the fees on the basis of real estate values within a parking district if the fund is in deficit. We have not done that in three years. In terms of the Hovey Lane fees, that was part of a look at the entire parking system in terms of what the competitive rates were. That is a separate element, it's a user fee. It's not a tax in the same sense that the parking tax is. Chairman Walsh said it is a user fee based on the market. There is a private market for parking spaces as well as a public market.

Ms. Smith said she agrees, but as David Clem pointed out, money is tight for most retailers. She is fortunate that she owns her building, so she doesn't have to pay rent. Another four dollars or five dollars over a month on four parking spaces does make a difference in light of this additional tax. For her it is the same thing because it is her bottom line that is being affected.

David Clem said one of the most interesting things that came out of the comment section of the survey is that several people understood the issue about the parking, but the market is being artificially constrained by the Town's policy decision to not open up the parking garage for more monthly spots. This would allow some merchants to buy employee

spaces, perhaps at a discount, if the Town really wanted to help along retailers. There is a problem with meter feeding on Main Street. Most merchants know that meter feeding is happening and that it is taking away from short-term parking availability. It is not a pure market the way it is currently structured.

Chairman Walsh said that is absolutely correct. We seek to manage the parking system in Town to maximize its friendliness for people who are coming here for retail and employees. We have done a lot of things as a Town to make that work including constructing the parking garage and implementing the shuttle bus service. We try to manage that system for the best economic interest of Downtown and we work hard on it.

Mr. Clem said he is very much aware of that. He fully endorses the Town seeking relief from its own ordinances to put up a proper international parking signs so people who are not from the area can find it easier.

Terry Applebee, manager of the Hanover Consumer Cooperative said he appreciates all the work the Town has done about parking. He is here because he is concerned about parting out their part of the business district as a part of the Downtown. He read the survey from the Chamber of Commerce, there were a lot of comments about there not being a grocery store Downtown. Most people don't think the Coop is Downtown. All the foot traffic doesn't affect the Coop. He thinks including the Coop is an artificial means of increasing the revenue to get to a certain number. He doesn't object to the Coop being considered part of Hanover, just not part of the Downtown.

Aharon Boghosian, owner of several retail establishments that would be participating in this Business Service District said he would like to address the comments from some of the merchants. Retailers are not strangers to long hours and hard work. Working in a family business you do whatever it takes to make ends meet. Individually each of the retailers in Town spends a good deal of their annual expenditures on advertising. He spends a great deal of money on media. His concern is that the Town enjoys a number of successful retailers that have disjointed marketing. Each retailer does their own advertising but it is certainly not cohesive. The majority of merchants don't have enough time, effort or energy to put their heads together and put together a cohesive marketing plan for all the businesses together. If there is one thing that works for him in this program is that this brings a common inner identity to all of the Downtown's advertising. This would give him something to latch onto when he is doing his advertising for all his businesses. This would advertise the wealth of products and services that are available in Downtown Hanover, that he would suggest, the majority of people that live in this region have no clue about. That is what does it for him in this program. Based on his experience, \$50,000 is not a lot of money for the benefit that the Downtown will get out of this.

Marc Milowsky said he thinks to do what the Chamber hopes this marketing venture will do is going to require a lot more than \$50,000. It is his concern that the amount is going to balloon into something that is more than the merchants of Downtown Hanover would

want to spend. He also disagrees that with Mr. Boghosian; he feels that majority of people in the area do know what's available in Downtown Hanover. He thinks that they also have a perception of what Downtown Hanover is and that we can improve on that image. About five or six years ago his business was in decline in terms of sales. He recognized this and saw that Route 12A and places like it were taking people away. He sat down and totally reinvented the concept of his business. These changes have exceeded his expectation. Mr. Milowsky said he feels that proprietors should be asking themselves what they can do as individuals to improve themselves. His concern is that not everyone has the financial or knowledge base sources to make that happen.

Chairman Walsh said he thinks the Selectboard finds itself in a very funny position right now. They have spent in excess of five hours in public discussion about this subject, including Town Meeting. There was one issue about retail versus office charges that has not been part of the focus before. This is the first time the Selectboard has had any merchant has spoken against this. The Selectboard has worked on this for five or six hours, including Town Meeting and there was no negative statements and now the Selectboard is finding that there some a substantial feeling in the business community that this is not an appropriate way to go. His presumption is that some of the people who have spoken in favor of this previously are not present because they assumed that this was going to happen tonight. We would like to ask the rest of the Selectboard to table this and have some more conversation regarding this. Chairman Walsh said he is personally not ready to vote for this tonight, nor is he ready to kill it. He would like to have some more conversation within the business community about whether joining cooperative efforts is valuable or not. He thinks the real question doesn't start out with the tax; the real question starts out with the business owners of Hanover and whether they can improve their value by working together. Then the tax would support that. The tax is a way of funding that. If half the owners think no and half the owners think yes, then he is not sure where we will come out. The Selectboard doesn't have any real sense of where the business community is on this and it is clear to Chairman Walsh that the business community itself is not clear where they stand on this. He would like to see this process go forward over the next few months; the Selectboard is willing to be a part of that conversation if it would be helpful. He would like to end the Public Hearing and see some more talk outside of this.

Jim Rubens said he would like to comment on a few things that were said. He has been working on this for about a year. The retailers in Town are quite busy. It is difficult to return phone calls. What they are hoping to do with the Business Service District is to have a marketable brand image for merchants to tag onto and amplify their own message. That hasn't been done yet. There is no marketing plan. They have a budget that is sufficient to engage a marketing firm that can help determine what an appropriate brand image would be for the Town. What he has heard, particularly from Mark Milowski, is that any marketing campaign they would do will be a failure. He can understand the sense that anything done cooperatively may not be effective from a business stand point, but he would like to reassure the Selectmen and Mr. Milowsky that it is his money too involved in this. His singular reason for being involved in this is to have an effective

campaign that causes there to be more businesses in Town. There is no marketing plan in place. There is a process in motion in which by which we will obtain a plan resulting in a brand image that is widely supported and widely usable. One of the things that we can't convey is the message is that there is parking in Town. This was demonstrated on the survey distributed. This is a communication that can't be accomplished by any one merchant.

Mr. Rubens said the point about whether certain merchants should have to pay the marketing tax or not is that every landlord has the option of passing the ten cents per square foot on to their individual tenants or not. Should the landlord feel the tenant is under duress, he would have the option of not passing through that tax.

Mr. Rubens said part of the process that grew out of these brainstorming sessions is a number of things that have nothing to do with the marketing tax. One such idea is improving the signage in Downtown Hanover. No one merchant can do this, but the concept has grown out of this marketing process. Of the eleven things on Mr. Rubens' check list, ten of them are not involved with the marketing tax. They have grown out of the process of mutual involvement. Another thing is setting up a measuring system, so that we can determine whether the marketing plan is working. There is a subcommittee that is working on setting up a Downtown gross domestic product gauge. They are working on an online calendar so people could see all the things going on in Downtown Hanover and have the ability to purchase online.

A resident said it would be difficult to disagree with anything that Mr. Rubens has said, but it is not difficult to disagree with using the taxing power of the Town to accomplish this.

Mr. Rubens said he would respond by saying that he was the cofounder of the Downtown marketing group that happened during the eighties. This group lasted for about one and a half to two years. They raised money voluntarily. He disagrees with that group not being effective. They were able to convince about half of the people in Town to participate in that group. There were some people who were able to freeload profitably from that process. Some were not locals, such as The Gap. Dartmouth College has agreed to go along with this new effort because they are the landlord of some of these larger chains which is the means by which we can have everyone involved who is benefiting from it. The tax only amounts to ten cents a square foot with everyone participating.

Chairman Walsh said the other thing that is going on in this conversation is what the role of the Selectboard is. The Selectboard supports that which the merchants want to do together as a whole. Traditionally the Town has asked the business community to tell them what will work to make the business community successful.

Vice Chairman Connolly said enough question have been raised tonight so that we have to discuss this a great deal more and get some input from other members of the Downtown district. If any proposal does come to the Selectboard, Vice Chairman

Connolly would like to see that ironed out before it comes before the Selectboard; there should be no loose ends.

Selectman Baschnagel said he agrees with Chairman Walsh whole-heartedly. At best the Town can be an enabler. The Selectboard can not solve the Downtown's problems. They can assist at best. The Selectboard is committed in assisting, but don't look for them to do more.

Selectman Baschnagel said the other point he would like to make is that he is really disappointed and quite concerned. This has been a topic that has been under discussion in this Town for over a year. It is a discussion that has accelerated and built over that last six months. The Selectboard has tried very hard, on a number of occasions to say they want to make sure before we proceed to Town Meeting, before we go to the next step, that this has support throughout the business community. It is shameful that the business community is coming in here at the end of this process rather than the beginning of this process to say that there are issues. Selectman Baschnagel said he is really disappointed, he thinks we can do better. He would like to see the community come together and bring something that the Selectboard can put their arms around and support. This is not how you solve problems, by coming in at the last minute and trying to torpedo something. He is committed, as is the rest of the Selectboard to supporting the business community, but they need input.

Selectman Christie said he shares Selectman Baschnagel's disappointment. The Selectboard would basically enable the Downtown merchants to accomplish something that they wanted to accomplish. They were assured that a large majority of merchants were supporting this. We went through a process that should have flushed that out if possible. What he is hearing tonight is there are four merchants who are objecting. We have had at least that many multiples of that in the past, we have been given assurances by the Chamber, we have been give assurances by the group that has been working on this that a large majority of merchants are in favor of this. We took this to Town Meeting to get approval to only find out tonight that this is in question! Selectman Christie said he would be prepared to vote in favor of this going forward tonight. This has been a long process that he feels shouldn't be torpedoed at the end. We have gone through a very long and serious process, including Town Meeting. To pull out now at the last minute because of a small subset of merchants is very problematic.

Jim Rubens said if the Board is looking for unanimity among the merchants in Town that isn't going to happen. We never maintained that every merchant in Town is behind this. Selectman Walsh asked how many of the merchants in Town the Chamber believes are in support of this. Mr. Rubens said he believes it is a large majority. Selectman Christie asked what the basis of that judgment. Mr. Rubens said it is from having talked to people, individually and over multiple meetings over the past year.

Marc Milowsky said to his knowledge this is the first time there has been a Public Meeting. Ms. Griffin said there have been three Public Meetings. There have been four

formal meetings on this issue and all have been noticed. There have been articles in the Valley News. This process started back in March or April.

Mr. Milowsky said he did express his concern to Jim Rubens with the first phone call that he got. He has talked with Jim since then. Also if you are not a resident of Hanover, you don't attend Town Meeting.

Jim Rubens said Clint Bean has attempted to communicate with every person involved.

Selectman Baschnagel said he is not looking for unanimity, he knows that won't happen. That hasn't happened in any community that has ever been part of this. What he is concerned about is hearing two groups stand up and make strong statements for strong support. Both groups are talking to the same body of people but are coming away with very different answers. The degree to which those answers are very different is troubling to him. He is not prepared to judge which is the right answer. We do have to be careful how we use our taxing powers. You only tax if you have a really strong support base out there. After the discussion tonight, Selectman Baschnagel has uncertainties as to which degree that is true.

Chairman Walsh asked a question to all the people who have commented on this both positively and negatively. Are all those people in the room willing to work together in good faith to try to bring something about. This may mean some compromising to those people or do we really have a schism here where the Board should just vote. If there is good faith working together then he would like to see that happen, but if we have a schism where there are ten or twenty percent who are against it and there are eighty percent who are for it, then the Board can deal with that. Chairman Walsh said he would hate to miss the opportunity of voting now, when in fact he thinks there is an opportunity for the business interests in the room working together.

David Clem said he doesn't think there is any question that most of the property owners and merchants in the Downtown are comfortable working together. It doesn't mean that they agree on all issues. He went into this process early to voice his opposition based on his experience and his self interest as a property owner in addressing some of the inequities such as office versus retail or the inequity of certain types of leases in buildings that were targeted for retail usage and therefore their leases allow these charges to be passed through. When one of his tenants said he thought there is broad support; Mr. Clem simply tried to undertake the survey. While Mr. Clem supports the Selectboard in saying they would like to see the business community united, there is the role to do some basic research here. It ought to be fairly simple. The results of his survey did not show wide spread support for this. History where this has been tried that is doesn't work. Mr. Clem also takes a totally different view about the amount of money. He is not opposed to the \$50,000 to try to do a marketing campaign because it's too much; he is opposed because it is too little and too ineffective to accomplish what it is intended for. Mr. Clem said he thought that by going to early Chamber meetings and voicing his opposition that he had said his piece, so he did not go to subsequent meetings. While there may be

public notices, that is different than a hearing where he gets a letter, as a property owner. He believes he has a right and a duty as a citizen to take advantage of that. There is clearly a group of people who have worked on this and think it is a good idea. He does not believe they are in the majority of retailers.

Jim Rubens said if the Selectmen are going to rely upon a survey as opposed to the past year of hearings, the survey should at least be independent. When he tried to contact David Clem, he delegated his assistant to speak. The assistant indicated reservations on the part of her boss. The communications were entirely one way. When he tried to get comments about direction, what was wanted, what was acceptable, he got no comments. The Selectboard has been presented with a survey; this survey was conducted by an opponent of the plan. If the Selectboard is going to use another means of determining whether there is support in the business community, he strongly recommends getting an independent verifiable source of information.

Chairman Walsh said the Selectboards way of determining whether is support or not is by having Public Meetings and by listening to what people say to them. There have been four Public Meetings and the vast majority of people spoke in favor of this. Tonight we are having a Public Meeting and the majority of people are speaking strongly and negatively about it.

Chairman Walsh said we dodged a bullet when the Bookstore didn't tank and it was really important to the people who live in Hanover and the merchants in Hanover. He thinks the merchants should be working strongly together and the Selectboard should be an enabler so that the Town can become stronger. He is asking the merchants if they want to do that or not. The Selectboard is ready to sit down and participate but they would like to see the merchants working together at it. Chairman Walsh said he would like to adjourn this meeting rather than vote now. He would like to reschedule this for the August meeting or the first meeting in September.

Chairman Walsh tabled the Public Hearing for Consideration and Approval of Implementation of Downtown Business Service District until August 16th.

3. Consideration and Approval of Revisions to New England Organics Sludge Composting Agreement.

Ms. Griffin said the Selectboard received in their Friday packets the final draft of the Residuals Management Service Agreement. This is the revised agreement that Town staff has negotiated with New England Organics.

Ms. Griffin said some substantial changes have been made to this agreement; in some cases the price has been lowered and in other cases changed the procedures that are required. All our sludge will continue to be composted at the Hawk Ridge Facility in Maine. Ms. Griffin said she wanted to be sure the Town had an agreement for a

sufficient period of time so Town staff can do determine if there are any other options that are more cost effective than this. She doesn't know if there are but we have not had time to focus specifically on options such as our own composting of sludge at the Waste Water Treatment Plant; which would not be a likely cost effective nor would the potential odor be appreciated we are looking at the possibility of establishing a regional composting facility for several communities. Woven into these options would be the yearly potential for the NH Legislature to ban the used of land applications for class A or B sludge. The chances are greater that class B sludge will be ceased sooner than class A sludge.

Ms. Griffin said New England Organics is an easy company to work with. They took over from the previous owners. They are very professionally run. What has happened is that New England Organics felt the need to pull out of the small composting facility at the Gile Tract because it simply wasn't cost effective for the amount of sludge we produce. Dartmouth will continue to compost their food waste as part of the seventy-five year lease for the Gile Tract. Ms. Griffin suspects that it won't be long before Dartmouth starts sending their food waste to Hawk Ridge as well because composting is a lot of work for a limited return. This could most likely be done more cost effectively at Hawk Ridge. We have urged Dartmouth to reserve with New England Organics, the ability to have their food waste transported with our sludge. The tractor trailer goes to Hawk Ridge every eight to ten days.

Chairman Walsh asked Ms. Griffin if the State of Maine were to close Hawk Ridge or New England Organics goes out of business, are we in a position, in an emergency to resurrect the ROT facility to compost our sludge? Ms. Griffin said yes; we managed to retain that reservation as part of the lease agreement with Dartmouth. When we constructed the facility the Town's only cost was providing land for a year. Dartmouth and Casella constructed the building. The Town leases it for one dollar a year. Were the building to cease operating as a sludge or food composting facility, then the original agreement says the building reverts back to the Town after ten years, unless the College says they have a higher and better use for the facility. In the short run, we have the option of land application of our sludge, but we don't think that's a long term solution because of the political risks associated with the State of New Hampshire banning application. If New England Organics were to go out of business tomorrow RMI the company who provided our land application of sludge service, would take our sludge in a heartbeat. It wouldn't necessarily be a long-term solution, it would be a month-to-month situation.

Vice Chairman Connolly asked Ms. Griffin about section 1.7 of the agreement which states that if the Town decides to exercise another option they will continue to involve New England Organics. Ms. Griffin said for the two year term of this agreement the contractor is essentially saying that if we get to the point where our sludge is stabilized to the point that we can do class B land application without lime stabilization, New England Organics wants to have first crack at developing that land application. Ms. Griffin said

we agreed to do this because if we do develop our own land application process, the permitting alone would take at least eighteen months.

Vice Chairman Connolly asked Ms. Griffin if Peter (Kulbacki) has been through this agreement. Ms. Griffin said that Peter Kulbacki and Kevin McLean have both been through this agreement very carefully.

It was MOVED by Selectman Baschnagel and SECONDED by Selectman Christie to approve the proposed revisions to the to the New England Organics Sludge Composting Agreement. THE SELECTBOARD VOTED UNANIMOUSLY TO APPROVE THE PROPOSED REVISIONS TO THE NEW ENGLAND ORGANICS SLUDGE COMPOSTING AGREEMENT.

4. Recommendation to Accept Easement from DHMC Related to Construction of Bikepath Improvements on Medical Center Drive.

Chairman Walsh said all the Selectmen received the proposed easement in their Friday packets. Chairman Walsh asked Ms. Griffin if this easement has the blessing of both herself and the Town Attorney. Ms. Griffin said it does and has been gone over with a very fine-toothed comb. Ms. Griffin said she received by fax a signed easement deed from Dartmouth and DHMC has given formal approval.

Ms. Griffin said Walter Mitchell, Peter Kulbacki, Don Ware as well as she, negotiated this agreement. The reason this has taken so much time has a lot to do with what is going on with DHMC's own master plan and where its future growth may occur. The only problem is that the bids have come in and the lowest bid involved a Town commitment of \$115,000 and we only had \$80,000 approved at Town Meeting five years ago so Ms. Griffin has told the State that is all we have to bring to the table. We may be doing some tweaking to get the cost down including possibly having Town crews do some of the pavement markings.

Selectman Baschnagel said he is a little bothered by the fact that the Town would have to pay the total cost of moving the path if the hospital decides to put a footprint there. He would have been more comfortable were we splitting the cost because this would be expensive. Ms. Griffin said we did limit what segment of the bike path might have to be relocated in the future. It is essentially a small part of the bike path, on the west side on the medical center north, in that last piece of property on the right-hand side as you come down Medical Center Drive. This is the most likely place that the hospital might consider developing next. The hospital wanted to make sure that if it decides to develop that property and the bike path in any way encumbers that development, that the Town would be required to move the path. Ms. Griffin said she talked to Mike Chase and Peter Kulbacki about what it would take to do that and they assured her that our crews could do that rather quickly.

Selectman Baschnagel asked if we have any idea what this will cost the Town to maintain. Ms. Griffin said we are not going to plow in the winter. Selectman Baschnagel said there will be a lot of pressure to do just that. Ms. Griffin said the hospital has said if their users want it plowed they would consider doing it; we have said the Town absolutely will not maintain that section of the bike path that resides within the City of Lebanon on the Medical Center campus, during the winter. Ms. Griffin thinks that a user group will develop within the Medical Center and DHMC will just add that to their plow routes.

It was MOVED by Vice Chairman Connolly and SECONDED by Selectman Baschnagel to accept the easement from DHMC related to construction of bikepath improvements on Medical Center Drive. THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE EASEMENT FROM DHMC RELATED TO CONSTRUCTION OF BIKEPATH IMPROVEMENTS ON MEDICAL CENTER DRIVE.

5. Consideration and Adoption of Section 125 Cafeteria Plan.

Chairman Walsh said this refers to employee benefits.

Barry Cox, Human Resource Director said the Section 125 Cafeteria Plan is what allows the Town to provide employee benefits on a pretax basis. The original plan was signed in 1988, effective January 1, 1989 and has never been changed since then. There are changes in benefits in the last seven years that don't reflect the original plan. There have been changes in Health Insurance, Life Insurance and the original plan is set up to be effective with the calendar year and the current flex benefits plan is effective with the fiscal year. Ms. Griffin said these changes are a reflection of the current plan the Town offers its employees.

Chairman Walsh asked if there are things the Selectboard should focus on. Ms. Griffin said these are all decisions the Selectboard have made in the past. This is a housekeeping item, but an important one.

Chairman Walsh asked the Selectboard if they are comfortable approving this based on the recommendation of our accounting staff.

It was moved by Selectman Baschnagel and Seconded by Vice Chairman Walsh to adopt the Section 125 Cafeteria Plan as recommended. THE SELECTBOARD VOTED UNANIMOUSLY TO ADOPT THE SECTION 125 CAFETERIA PLAN AS RECOMMENDED.

6. Recommendation to Adopt Various Job Titles and Labor Grades:

Stock Room Clerk and Mechanic Assistant

Administrative Secretary (Part-Time) – Police Dept.

Administrative Secretary (Part-Time) – Parks & Recreation Dept.

Inventory Control/Data Entry Clerk

Electrical Inspector (Part-Time)

Water and Wastewater Treatment Assistant

Ms. Griffin said these are all job descriptions that were discussed in the Selectboard's nonpublic session. Some are just changes in job titles. One involved the modification of a labor grade. The modification of the labor grade was included in the budget approved at Town Meeting but the Selectboard still has to give their formal approval.

It was MOVED by Vice Chairman Connolly and SECONDED by Selectman Baschnagel to adopt the recommended job titles and labor grades. THE SELECTBOARD VOTED UNANIMOUSLY TO ADOPT THE RECOMMENDED JOB TITLES AND LABOR GRADES.

7. Update on the Proposed Gile Tract Mixed-Income Housing Development.

Rob Bryant from Twin Pines Housing Trust introduced Chuck Lief and Miro Weinberger, owners/representatives of The Hartland Group, a Burlington based non-profit consulting organization. They are assisting Twin Pines in identifying financing sources, procedures and studying the overall feasibility of the Gile Tract project. Also on hand is Alan Saucier of Saucier and Flynn, Landscape Architects.

Miro started off by giving an update of the plans. The Hartland Group came onto the project at the end of January. After assessing the landscaping they brought in Alan Saucier's firm.

Chairman Walsh asked Mr. Weinberger for some background on his specific expertise. Miro said he grew up in Hartland and attended Woodstock High School. He and his partner worked together in for a nonprofit organization that deals with large affordable housing projects. Mr. Weinberger along with his partner, Chuck Leif, set up their new firm, the Hartland Group about two years ago for projects in the Burlington area. In the northern part of Vermont they are working with the Town of Richford to help revitalize their downtown.

Mr. Weinberger said the first step for them in this project was to assess the financial situation. There were a large number of outstanding bills. They have worked out a creative development plan to get the project moving again. They convinced the public finance community to free up some of the funds they had already committed to the project; they were nervous about the project and need reassurance that this is moving forward. They also renegotiated agreements with the planners so they would stay with the project while the Hartland Group went out and secured the next group of financing. They are pretty optimistic that they will be able to bring in a fairly significant amount of money soon. They also brought in Alan Saucier of Saucier and Flynn, Landscape Architects

The Hartland Group has had some detailed conversations with the abutters about accessing the site. They have not resolved the access issues, but they have made some

progress. They are pretty optimistic that one way or another they will be able to get a road into that site so that this project can be built. They have been working with Dartmouth College to make sure there aren't any major conflicts between abutting usage. They have also worked out some specifics with regard to the roads and the drainage plan to make sure that there is a realistic road that can be built and have created a plan for storm water run off.

The Hartland Group's responsibility, up to this point, has been to determine whether this is a feasible project. They feel this is quite a feasible project. There are some threshold issues that still need to be resolved and some things that still need to fall into place, like any project but they do feel this is a good project that will produce high quality affordable housing on this site.

Mr. Weinberger said he thinks it is critical that this be an appealing place to live in. They don't want it to be just another sprawl subdivision. They asked Mr. Saucier's firm to focus on the common spaces. The site has some beautiful attributes but is also challenging topographically. He feels that if the plan is done right, they can take those challenges and turn them into assets that will make it a beautiful place to live. Another very important element is that the subsidized units be indistinguishable from the nonsubsidized units. This is a very important element of a successful project. The units may have some differences inside, but in terms of their external appearance they should be integrated. They don't want to bring some totally new product to the housing market; it is important that the project resonate with the local established building typologies. It is also important to respect LID and other green design principals, which is very important to this community. There was also concern about the number of units on the site and the need to plan for exceptional site costs. In order for this to be financially viable there will be to be one-hundred to one-hundred-twenty units on the site. All this was brought to Saucier and Flynn Landscape Architects and Mr. Saucier came up with a plan.

Chairman Walsh asked what he zoning of that site will allow. Mr. Saucier said the zoning that was put into place a couple of years ago will allow for two-hundred-sixteen units.

Mr. Saucier said when his firm first came on board they really felt the answer had already been found; it just hadn't been articulated yet. This proposal includes a thru road that would begin off Buck Rd. This road could be a road that is part of the Halverson project. This road would skirt along the edge of a steep slope coming down from the west.

Mr. Saucier, in trying to respect the natural environment, is proposing two clusters of housing. Chairman Walsh asked how many units would be in each cluster. Mr. Saucier said the larger northern cluster has been broken into three subclusters; in cluster A there would be fifteen units; in cluster B, the large semicircular cluster, there are forty-seven units and in cluster C there would be twenty-five units; the southern cluster would

contain thirty-three units, for a total of one-hundred-twenty units. They are working three footprints in this theme, two townhouse footprints; one that is at grade and another unit that is imbedded into the slopes providing two to three floors of housing above and the opportunity to park in the subterranean floor. The third building type is a fifteen unit apartment building. All of the buildings that would face inwardly would be walk out townhouses with parking under them. Behind those units would be additional service parking. Mr. Saucier is proposing a central commons building near the fifteen unit apartment building in cluster C. In terms of utilities, Mr. Saucier is still thinking about how they will route them in.

Mr. Bryant said he wants to reiterate that they are not looking for any formal approval at this time. The plan is to go back to the Selectboard and also the various commissions such as the Conservation Commission and get input.

Chairman Walsh asked Mr. Leif what he needs from the Selectboard at this time. Mr. Saucier said one specific need is that fairly quickly they are going to need to start demonstrating site control to the funding agencies they are going to be approaching. This means negotiating a final purchase and sale agreement. There was an early draft last year that was prepared by one of Twin Pine's lawyers. Mr. Griffin said the next step is to bring a preferred draft to her and the Selectboard and go over it to make sure they are comfortable with it.

Chairman Walsh said there are some principles that are very important. The mixed income nature is very important. The respect to the land is very important. There is an issue of implementation of long term affordability and how that will be done. The Town's long term position in that is if whomever the owner is should act in an affordable way; that is the most important in terms of drafting a purchase and sale agreement. Ms. Griffin said it might help if Twin Pines were to take the original purchase and sale agreement, Selectman Baschnagel's email with questions about that purchase and sale agreement and whatever feedback they might have from the affordable commission and generate a list of goals and objectives to be submitted to the Selectboard. Chairman Walsh said the minutes of Town Meeting two years ago might also help develop those goals and objectives.

Mr. Bryant said it is very important for them to come up with some clear understanding of how to walk the line between the federal housing regulations and the goal of this project which is to serve the people of Hanover that need affordable housing. Chairman Walsh said another principal is that there will be market value housing which the land value of which will support the cost of the utilities and site work for the less than market value housing. The Town is putting their land in not only as free land; we are expecting that land value will bring the affordable housing to be more affordable.

Selectman Baschnagel asked what kind of a time scale they are looking at to put this together. Mr. Wienberger said the big deadlines they don't want to miss are the public funding deadlines coming at the beginning of next year in January and February. Those

are key because if they are missed they don't come around again for another six months. Prior to that they are trying to go out and secure the funds necessary to get through the permitting process. At a certain point the funding sources are going to say they can't have any more money until they have access and site control. The access stuff they are working on now. Maybe in another thirty to sixty days they may be able to execute a purchase and sale agreement. Chairman Walsh said the Selectboard may want to have an option rather than an executed purchase and sale agreement. This option would go for an extended period. Mr. Weinberger said he feel this is right on. If they can take some intermediary steps to actually having everything wrapped up, that would help them with the funding community.

Selectman Baschnagel said one question he has is what they had in mind for a marketing policy. Mr. Weinberger said that is what Mr. Leif was alluding to as far as setting up specific marketing criteria. Mr. Leif said this refers to eligibility such as what ways Hanover residents can be preferred for available units. There is enough precedent to do this but it has to be done carefully.

8. Banner Request – American Red Cross Blood Drive

Chairman Walsh said this is a banner request from the American Red Cross relative to blood drive dates. Chairman Walsh asked Ms. Griffin if this request would conflict with any other banner requests. Ms. Griffin said there are no conflicts.

It was MOVED by Selectman Baschnagel and SECONDED by Vice Chairman Connolly to approve the Banner request from the American Red Cross. THE SELECTBOARD VOTED UNANIMOUSLY TO APPROVE THE BANNER REQUEST FROM THE AMERICAN RED CROSS.

9. Administrative Reports.

Julia Griffin:

Ms. Griffin has just returned from vacation and has nothing to report.

10. Selectmen's Reports.

Peter Christie:

Selectman Christie reported the Finance Committee has had a chance to look at some preliminary stats from the high school and middle school projects. They had the chance to look at the finances of some comparable school districts and start to understand the finances of our district compared to others.

Kate Connolly:

Vice Chairman Connolly commented on a very nice Fourth of July parade. Selectman Baschnagel said if the parade is done on Sunday, it should start later than 10:00; there was a noticeably smaller crowd because of that.

Vice Chairman Connolly said the Planning Board met and discussed the installation of the new booth for the parking garage as well as the installation of the propane tanks.

The Planning Board had a hearing on the Velvet Rocks Phase II project. They also had a site visit; the site is very rocky, similar to the Gile Tract. It is a very nice design, it doesn't use much of the land. It should be an interesting project the way it was presented. Selectman Baschnagel said we all need to be aware, with all the proposed developments we are looking at in the next few years, we are looking at more than three-hundreds fifty units in the next few years. This is a very large increase in dwelling units in the Town in a very short period of time. The Town is potentially looking at a ten to fifteen percent increase in the amount of overall dwelling units in the next few years. Vice Chairman Connolly said these developments are concentrated where they should be, near the major employment centers in the area.

Bill Baschnagel:

Selectman Baschnagel said the Planning Board approved the rugby field rebuild on Reservoir Rd. This is parallel to the active project to build a rugby clubhouse. Both of these are underway now.

The Conservation Commission met. They are catching their breath with the new land acquisition and looking ahead. One thing they are collaborating on is with the Conservation Council, who is looking at the abutting property. They are considering making a small contribution to the Conservation Council to help with some of the up front evaluation costs.

Anyone who may be interested in mountain biking may be interested in attending a meeting of the National Mountain Biking Organization. They will be in Hanover to look at potentials for trails in Hanover. This will take place July 23-25 and will be a fairly active set of workshops.

The Upper Valley Trails Alliance has been kicked off with their first meeting at the Community Center. It was a good meeting; the key thing now is to get the community involved.

Brian Walsh:

Chairman Walsh reported he had the pleasure of meeting our new Assistant Director of Recreation. He will be a good addition to the Recreation Department as well as the Town of Hanover.

11. Approval of Minutes June 7th

It was MOVED by Selectman Baschnagel and SECONDED by Selectman Christie to approved the Minutes of June 7th, 2004 as amended. THE BOARD VOTED UNANIMOUSLY TO APPROVE THE MINUTES OF JUNE 7TH, 2004 AS AMENDED.

12. Other Business.

There was no other business.

13. Adjournment.

It was MOVED by Selectman Baschnagel and SECONDED Vice Chairman Connolly by to adjourn the meeting at 10:15 pm. THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:15 PM.

SUMMARY

- 1. Chairman Walsh tabled the Public Hearing for Consideration and Approval of Implementation of Downtown Business Service District until August 16th.**
- 2. It was MOVED by Selectman Baschnagel and SECONDED by Selectman Christie to approve the proposed revisions to the to the New England Organics Sludge Composting Agreement. THE SELECTBOARD VOTED UNANIMOUSLY TO APPROVE THE PROPOSED REVISIONS TO THE NEW ENGLAND ORGANICS SLUDGE COMPOSTING AGREEMENT.**
- 3. It was MOVED by Vice Chairman Connolly and SECONDED by Selectman Baschnagel to accept the easement from DHMC related to construction of bike path improvements on Medical Center Drive. THE BOARD VOTED UNANIMOUSLY TO ACCEPT THE EASEMENT FROM DHMC RELATED TO CONSTRUCTION OF BIKEPATH IMPROVEMENTS ON MEDICAL CENTER DRIVE.**
- 4. It was moved by Selectman Baschnagel and Seconded by Vice Chairman Walsh to adopt the Section 125 Cafeteria Plan as recommended. THE SELECTBOARD VOTED UNANIMOUSLY TO ADOPT THE SECTION 125 CAFETERIA PLAN AS RECOMMENDED.**

5. It was **MOVED** by Vice Chairman Connolly and **SECONDED** by Selectman Baschnagel to adopt the recommended job titles and labor grades. **THE SELECTBOARD VOTED UNANIMOUSLY TO ADOPT THE RECOMMENDED JOB TITLES AND LABOR GRADES.**
6. It was **MOVED** by Selectman Baschnagel and **SECONDED** by Vice Chairman Connolly to approve the Banner request from the American Red Cross. **THE SELECTBOARD VOTED UNANIMOUSLY TO APPROVE THE BANNER REQUEST FROM THE AMERICAN RED CROSS.**
7. It was **MOVED** by Selectman Baschnagel and **SECONDED** by Selectman Christie to approved the Minutes of June 7th, 2004 as amended. **THE BOARD VOTED UNANIMOUSLY TO APPROVE THE MINUTES OF JUNE 7TH, 2004 AS AMENDED.**
8. It was **MOVED** Selectman Baschnagel by and **SECONDED** by Vice Chairman Connolly to adjourn the meeting at 10:15 pm. **THE BOARD VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 10:15 PM.**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'P. Christie', written in a cursive style.

Peter Christie, Selectman