

BOARD OF SELECTMEN'S MEETING

DECEMBER 16, 2002

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 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. REVIEW AND DISCUSSION OF FY 2001-2002 AUDIT

Bob Sanderson, of Plodzik & Sanderson, provided an overview of the Financial Statements and Supplemental Schedules his firm submitted to the Town based on their audit for Fiscal Year 2001-2002. He said the Town's total budget equaled \$13,200,389; \$8,451,439 in the General Fund and \$4,748,950 in other special revenue funds. The Town's budget also included \$1,850,115 in Capital Reserve Funds.

Mr. Sanderson reported that over the last Fiscal Year, the Town exceeded its General Fund revenue estimates by \$152,923 and under spent \$657,608 in General Fund appropriations, expenditures and encumbrances. He advised of a \$286,554 adjustment, made to the General Fund's Unreserved Undesignated Fund balance, to correct errors made in Fiscal Year 2001 that changed the Unreserved Undesignated Fund balance as of July 1, 2001 to \$794, 852. Deducted from that, over the course of the current Fiscal Year, was \$674,655 (\$437,027 used to reduce the 2001 tax rate, and \$237,628 used to increase reserves for special purposes.) Added to that was the budget surplus of \$810,531. The end result, as of June 30, 2002, was a new Unreserved Undesignated Fund balance of \$930,728, which is roughly 8% of the General Fund Budget for the Town. Brian Walsh spoke of a DRA statement that a healthy municipal budget was one that could sustain an Unreserved Undesignated Fund balance equal to 5% to 10% of its entire budget. Julia Griffin noted the Town's efforts not use the Fund balance to offset the tax rate and to increase the size of that Fund balance.

Mr. Sanderson read from his audit report relative to comments and follow-up suggestions,

"Our audit of the general accounting records for the previous year revealed several areas where the internal controls were not sufficient to obtain the expected results from the financial statements being prepared. We reported material weaknesses in the internal accounting controls covering cash activity,

payroll benefits, interfund transactions and other general ledger proprietary accounts. As a result of the aforementioned weakness in internal accounting controls, there were net unallocated transactions of over \$562,016 for the prior year. We are pleased to report that the above deficiencies were corrected in the 2001-2002 fiscal year. In addition, the source of unallocated transactions of \$562,016 was located, and the proper adjustments have been made to the beginning fund balances at July 1, 2001 as indicated in Note 5F to the Financial Statements. During the course of our review of internal controls for the current year, no material weaknesses in the Town's accounting systems and records were identified."

Bill Baschnagel noted a typo on page 18 of the Financial Statements and Supplemental Schedules that listed the Police Department Equipment Bond/Note Payable with a maturity date of 2025. Betsy McClain, Director of Administrative Services, affirmed that should read, "2012".

Jay Pierson asked of recommendations. Ms. McClain said there was some discussion to move some unbudgeted funds into the budget under the Special Revenue section including, the Prosecutorial Association and the Housing Authority Fund.

Mr. Sanderson suggested Ms. McClain would need additional assistance with Gadsby 34 compliance. Mr. Walsh said he was personally against investing in a fixed asset ledger for the Town. He asked of the consequences should the Town choose not to comply. Mr. Sanderson believed that 50% of his clients were not going to comply and that only the larger municipalities, with the staffing to do a lot of the work on their own, would. He said if 80% of New Hampshire towns, with budgets comparable to Hanover's, complied there could be consequences. Mr. Walsh suggested growing schedules for a fixed asset ledger beginning with every new road or piece of equipment acquired. Peter Christie suggested discussing time-phasing the implementation of Gadsby 34 to make it a more reasonable task. Mr. Walsh believed the Town had good lists of its assets; what was missing was the fictitious estimate of numbers as to what financial value those assets have. Mr. Walsh said he was unwilling to spend the Town's money for that fiction. Ms. McClain said compliance was required for this Fiscal Year. She offered to work with Julia Griffin to provide the Selectmen pros and cons on the issue of compliance. Ms. Griffin suggested re-addressing the issue in January.

Mr. Walsh thanked Ms. McClain and Mr. Sanderson for attending the meeting and for providing the audit report in a timely fashion.

3. DISCUSSION OF PROPOSED POLICY FOR ESCROWED SURETY DEPOSITS

Betsy McClain, Director of Administrative Services, said that the Town often required developers and others to put down a performance bond to guarantee that certain work will be done. Currently, the Town has \$725,000 in escrow, 60% of which is held by a single depositor. Ms. McClain said the Town was without a formal policy that governed how

these funds were invested and what portion was returned to the depositor. She proposed taking in checks up to \$10,000 and not returning interest earnings to the depositor, and depositing checks over \$10,000 into interest bearing accounts and splitting the interest earnings with the depositor to cover the handling costs.

Jay Pierson asked if this policy was similar to that of other towns. Ms. McClain believed Hanover could be the first to formalize this as a policy adopted by the Selectmen. She said the Town's attorney was in support of the policy. Mr. Pierson asked why larger dollar amounts were treated differently than smaller ones. Ms. McClain felt it would be most equitable for the Town to take in some amount of money as well as share some of the interest with the depositors.

Bill Baschnagel MOVED to adopt the suggested policy. Katherine Connolly SECONDED.

Peter Christie suggested charging a flat fee on all bond amounts and returning all of the interest to the depositors, since the Town's costs were fixed in this process. Mr. Baschnagel believed the Town's costs were not fixed. The length of time these funds remained in the banks varied widely. The Town's costs increased as staff tracked the funds held over longer time periods. Ms. Griffin said the easiest approach would be for the Town to keep all of the interest and not assess a fee. Mr. Walsh acknowledged that there were other options available for those who bonds were required of. As such he felt the proposed policy was a reasonable balance.

THE SELECTMEN VOTED UNANIMOUSLY TO ADOPT THE SUGGESTED POLICY.

4. RECOMMENDATION TO AUTHORIZE LEASE OF DISPATCH DIGITAL RECORDER

Julia Griffin provided background information on the dispatch center's current digital recorder which records all incoming calls. She explained that the system had many problems and was not reliable. She said Doug Hackett, the Communications Coordinator, was recommending replacing the system with a new one and that according to Mr. Hackett's research, the cost of maintaining the old recorder would equal the lease payment to a new one.

Jay Pierson MOVED to enter into the lease as outlined. Katherine Connolly SECONDED.

Bill Baschnagel asked of the telephone lease and how that related to the tape recording lease. Betsy McClain said Mr. Hackett had assured her that the phone system would not need replacing until the proposed recording system was paid for.

THE SELECTMEN VOTED UNANIMOUSLY TO ENTER INTO THE LEASE AS OUTLINED.

5. RECOMMENDATION TO GRANT EASEMENT TO GRANITE STATE ELECTRIC

Julia Griffin said this was a standard easement document the Town executed with Granite State Electric anytime they installed a padmount and transformer on Town property. This transformer was associated with the Community/Senior Center.

Jay Pierson MOVED to grant an easement to Granite State as proposed. Bill Baschnagel SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO GRANT AN EASEMENT TO GRANATE STATE AS PROPOSED.

6. DISCUSSION REGARDING PROPOSED MUNICIPAL BROADBAND INITIATIVE

Julia Griffin said the Merton Group had put together a letter of understanding they would like to enter into with the Town to conduct a feasibility assessment. Brian Walsh said the Town was sitting in a place where everyone was making great promises, relative to the information superhighway, but no one was delivering and everyone was retrenching. Betsy McClain said the problem was that the Hanover community was expectant of high speed data access in their homes and businesses and that the Town had not been successful in brokering a deal to deliver that. She said Valley Net had just recently begun offering DSL service but they have had to turn away 70% of the people that inquire about the service as DSL is distance sensitive. Ms. McClain said the Merton Group gave a presentation at the New Hampshire Local Government Information Network (LoGIN) on the possibility of providing a fiber network. Merton's business plan is to try to put together enough interested municipalities to go to some of the dominant nationwide internet service providers to make a deal to migrate these customers onto their network. Ms. McClain said the municipalities' role would be to float municipal bonds to finance the creation of a fiber network.

Ms. Griffin said there was a lot of energy focused nationwide around this concept of municipal initiated broadband initiative. She believed the Merton Group was an impressive group of individuals who had a pretty good pedigree in terms of their experience. Ms. Griffin said Keene and Merrimack were also exploring these options with the Merton Group. She pledged to pull in the Grafton County Economic Counsel if Keene and Hanover could get involved with the feasibility assessments. She hoped to also work with the Manadnock Economic Development Counsel to possibly bring in some State grant funding to help with the infrastructure.

Mr. Walsh said generally he had a prejudice to let private industries do things like this. But he was in favor of looking at something like this as a way of the Town having some leverage over the information infrastructure, as opposed to being captive to one company,

who has been patently irresponsible, and another, which has shown little to no interest. Peter Christie asked who would reap the ultimate benefit. Ms. McClain said the citizens of Hanover. Bill Baschnagel asked of the Merton Group's interests in this deal. Ms. McClain said they would hope to run the infrastructure and sell consulting services if such a scenario were to advance from the studies. Mr. Walsh said he would like to see the Town owning the network and then doing a deal with someone to operate it.

Katherine Connolly MOVED to allow the Town Manager, together with Betsy McClain and the Town's attorney to proceed to review the letter of intent they would execute with the Merton Group. Jay Pierson SECONDED. SELECTMEN VOTED UNANIMOUSLY TO ALLOW THE TOWN MANAGER, TOGETHER WITH BETSY MCCLAIN AND THE TOWN'S ATTORNEY TO PROCEED TO REVIEW THE LETTER OF INTENT THEY WOULD EXECUTE WITH THE MERTON GROUP.

7. WASTEWATER TREATMENT PLANT UPDATE

Julia Griffin advised that the results from engineering study were delivered today. Copies were distributed to DES, Dartmouth, the City of Lebanon, and DHMC. A copy of the Executive Summary and more detailed information on each improvement recommended would be provided to the Selectmen on Friday. An overview of the study would be presented to the Selectmen at their January 6, 2003 meeting. Ms. Griffin said the Planning Board and Zoning Board of Adjustment would be invited to attend the meeting.

8. APPROVAL OF MINUTES: DECEMBER 2, 2002

Jay Pierson MOVED to approve the minutes of December 2, 2002. Bill Baschnagel SECONDED. THE SELECTMEN VOTED FOUR IN FAVOR, ONE ABSTAIN (CHRISTIE) TO APPROVE THE MINUTES OF DECEMBER 2, 2002.

9. ADMINISTRATIVE REPORTS

Ms. Griffin reported on the staff's progress in completing the budget review.

Ms. Griffin reported that the process of selecting furnishings for the Community/Senior Center was underway. She said Mark Milowski assisted the Town in renegotiating kitchen equipment that saved almost \$16,000. Construction on the Center was progressing as scheduled. The issue of usage of the Center by different groups would be discussed in the near future in consultation with the Parks and Recreation Board.

10. SELECTMEN'S REPORTS

Peter Christie

Mr. Christie reported on the Finance Committee's activities. He said they had been without a Chairperson since the summer. Nick Harvey and Bob Shaughnessy volunteered to Chair the budget processes as they relate to the school and town budgets respectively. The Committee's review of the school budget was underway.

Katherine Connolly

Ms. Connolly reported of the Planning Board's continued efforts to review Master Plan Chapters. They granted site plan approval to Brook Hollow relative to drainage and site plan issues. They were also given a presentation by the College of their future plans for the Sargent and South Street blocks.

Jay Pierson

Mr. Pierson reported on the Alumni Magazine article on the Town/Gown that discussed the tension between Dartmouth and the community relative to future growth.

Mr. Pierson said he was pleased that the Christmas light issues was resolved and complemented the Christmas lighting displayed in town.

Mr. Pierson advised of letters the Parks & Recreation Board received from Bob Sparks and Larry Sparks thanking the Selectmen for their contribution to Bob Sparks Day. Mr. Pierson reported on Roger Lory's efforts, as a Parks & Recreation Board member, relative to the skateboard issue. He asked to pass along a statement, from the Selectboard to Mr. Lory, in support for the concept of a of skateboard park. The Selectboard agreed.

Mr. Pierson said the Water Company was working to reorganize the timeline for filtration. A second pilot program will begin in early spring. The target is to be online by the late fall of 2004. Brian Walsh asked that staff provide an overview of that timeline to the Selectmen at the January 6, 2003 meeting when the WWTP would be discussed.

Bill Baschnagel

Mr. Baschnagel reported on a joint meeting of the Upper Valley Transportation Advisory Committee and Upper Valley Transportation Management Association. Representatives from the State Department of Transportation in attendance expressed interest in looking more broadly at transportation issues than just repaving projects and related maintenance.

Mr. Baschnagel said the Conservation Commission was working on a recommendation for budget consideration for a part-time Conservation Officer position. They were also working to put together a cooperative project with the Upper Valley Land Trust for a demonstration project on the Tanzi Tract on native species.

Mr. Baschnagel said the Parking Credit Group was scheduled to meet with the Selectmen January 27, 2003 to discuss their recommendations for Zoning, Charter and Parking Ordinance amendments related to the parking credit process. Mr. Walsh asked for updated information on the use of the parking facility prior to that meeting.

Brian Walsh

Mr. Walsh reported on a Community Substance Abuse Advisory Committee meeting he attended where the Town's Alcohol Diversion Program was discussed. A suggestion was made to create a similar program for marijuana violations. When asked of the Town's requirement relative to providing licensed counseling in such a program as opposed to medical students providing the counseling, Mr. Walsh said his concern was with outcomes not credentials.

Mr. Walsh also attended a meeting of the Howe Library Board of Trustees where their Capital Campaign was discussed.

11. OLD BUSINESS

There was no old business discussed.

12. ADJOURNMENT

Katherine Connolly MOVED to adjourn the meeting. Jay Pierson SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:29 PM.

SUMMARY

- 1. Bill Baschnagel MOVED to adopt the suggested policy. Katherine Connolly SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO ADOPT THE SUGGESTED POLICY.**
- 2. Jay Pierson MOVED to enter into the lease as outlined. Katherine Connolly SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO ENTER INTO THE LEASE AS OUTLINED.**
- 3. Jay Pierson MOVED to grant an easement to Granite State as proposed. Bill Baschnagel SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO GRANT AN EASEMENT TO GRANATE STATE AS PROPOSED.**
- 4. Katherine Connolly MOVED to allow the Town Manager, together with Betsy McClain and the Town's attorney to proceed to review the letter of intent they would execute with the Merton Group. Jay Pierson SECONDED. SELECTMEN**

VOTED UNANIMOUSLY TO ALLOW THE TOWN MANAGER, TOGETHER WITH BETSY MCCLAIN AND THE TOWN'S ATTORNEY TO PROCEED TO REVIEW THE LETTER OF INTENT THEY WOULD EXECUTE WITH THE MERTON GROUP.

5. **Jay Pierson MOVED to approve the minutes of December 2, 2002. Bill Baschnagel SECONDED. THE SELECTMEN VOTED FOUR IN FAVOR, ONE ABSTAIN (CHRISTIE) TO APPROVE THE MINUTES OF DECEMBER 2, 2002.**
6. **Katherine Connolly MOVED to adjourn the meeting. Jay Pierson SECONDED. THE SELECTMEN VOTED UNANIMOUSLY TO ADJOURN THE MEETING AT 9:29 PM.**

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Peter Christie".

Peter Christie, Secretary

These minutes were transcribed by Beth Rivard.