

**Official**  
**As of 12/01/09**

**CAPITAL IMPROVEMENT PROGRAM (CIP)  
COMMITTEE MEETING  
MINUTES**

**November 24, 2009**

**HOOKSETT MUNICIPAL BUILDING  
35 MAIN STREET  
(2<sup>nd</sup> floor room 204)**

**CALL TO ORDER**

Chair R. Duhaime called the meeting to order at 6:00pm.

**ATTENDANCE**

Chair Robert Duhaime, Vice-Chair Martin Cannata, Marty Lennon, Nancy Comai, Jack Mudge, and Marc Miville.

Absent: Dana Argo.

**REPRESENTING TOWN OF HOOKSETT**

Christine Soucie, Finance Director

**Approval of Minutes for 11-17-09**

*M. Cannata motioned to approve the minutes of 11/17/09 with edits from M. Miville.*

*Seconded by N. Comai.*

*Vote in favor. J. Mudge abstains.*

**BUSINESS**

**POLICE COMMISSION**

Joanne McHugh, Chair of the Police Commission, and Stephen Agrafiotis, Chief of Police: The request from the **Police Commission** is for #7 **Emergency Radio Communications System Development Fund**.

J. McHugh, Commissioner: Thank you for taking the time to allow us to come back and review some of the information we were able to maintain in regard to leasing. I know the committee was interested in the comparative of lease vs. purchase. You have some of this information in front of you this evening. I will ask the Chief to go through the highlights.

Chief Agrafiotis: Ossipee Mountain Electronics (OME), they are the company we spoke with for the comparative of lease vs. purchase. OME does most of the State of NH's emergency radios to include the State Police. OME is the biggest Motorola company around. For pricing we went with them a few years back. I asked the Captain to do research with them from questions the CIP Committee had last time we were here. The unknowns are the original amounts. There is a 7-10 yr lifespan. We obtained information from two (2) leasing companies: Lease Corporation of America and TD Bank. They are only providing us with the lease financing information. We are still doing contracts with the lease company OME for equipment. OME advised us that because of the amount of equipment we have, it would have to be installed and purchased at different times. OME would break it out into two (2) different leases. We asked if they were aware of other municipalities doing leases in the State, and they were not aware. At end of the life cycle, you are buying the equipment (OME would not want the equipment back). If setting aside money in a CIP and doing a lease, then you are paying twice: 1) for putting the money aside in the CIP, and 2) for the voters to pay the lease finance charges.

J. Mudge: Aren't we doing that right now?

Chief Agrafiotis: We are paying money into the CIP, but not paying for finance charges. If you did just the lease and no CIP, at the end of the life cycle it may go to the end of years. However, you will eventually have to purchase the equipment or finance again. There are different philosophies. We do what we need to serve the citizens.

M. Miville: Clarify, the current equipment is bought and paid for; it's ours?

Chief Agrafiotis: Yes.

M. Miville: And now you are building funds for the future upgrades and replacement.

R. Duhaime: If it will be the same amount of money in the CIP like in the past, when you need those radios you still won't have enough funds. It won't make the total amount we need.

J. McHugh, Commissioner: The amount being put aside is not sufficient to meet the needs. When it comes times to purchase the equipment, it will spike the tax rate. The CIP was put in place as a constant, no ups and downs, to prevent a spike in the tax rate.

Chief Agrafiotis: Two (2) unknowns: 1) when will the equipment be available, and 2) how long will the equipment last. I can't predict, and OME can't predict.

R. Duhaime: If we don't have the money now, and you are doing repairs, then the funds are gone and we still need to purchase.

M. Miville: My understanding is that \$87,000+ pays off or completes the funding at the regional plan.

Chief Agrafiotis: Gain margin, a little more leeway than the original plan, but not an indefinite time.

M. Miville: And we may need that extra leeway.

Chief Agrafiotis: If we go with a lease, then we would need to start talking to equipment lease companies now.

C. Soucie: Some electronics are strictly leases, and they update the equipment. At the end of the lease, they take the equipment back. It is not a lease-purchase.

Chief Agrafiotis: OME said they didn't want to take back the electronics once leased.

R. Duhaime: They don't want to work on lease equipment?

Chief Agrafiotis: We can set up a maintenance contract with them.

R. Duhaime: They are saying they don't work with anyone else who leases electronics.

M. Miville: And both companies who finance don't have anyone who leases the electronics?

C. Soucie: They are only providing financing for the lease, not the equipment.

Chief Agrafiotis: We didn't call them and say "would you lease for us?".

N. Comai: Would you expound on the maintenance budget you have for the present maintenance agreement?

Chief Agrafiotis: OME does all radio systems. We pay them a certain amount each year to maintain our equipment. There are certain components we are responsible for.

R. Duhaime: That is why you pay for the contract, so they are available to come out when you need them.

N. Comai: Your radios, are they under any standard quality to be qualified/certified equipment like the fire trucks? Do your radios meet the standards now?

Chief Agrafiotis: Yes.

N. Comai: If your radios fail, would this maintenance contract be able to fix the issue?

Chief Agrafiotis: Yes, they would come out immediately.

N. Comai: Operating budget for maintenance, would those funds ever exhaust for the maintenance agreement?

Chief Agrafiotis: They are paid every year. When they renew the maintenance agreement, the cost could go up.

N. Comai: How far does the maintenance agreement go to?

Chief Agrafiotis: They could leave the maintenance agreement costs the same for the life of the equipment, or because we pay yearly they could bump up the cost. We will probably have a failure before a replacement, and that may up the cost to a crazy amount.

N. Comai: How much is the maintenance agreement?

Chief Agrafiotis: I don't know, because I don't have my budget information with me.

M. Miville: Did the money come from the Town?

Chief Agrafiotis: There was \$478,000 warrant article for the maintenance agreement. It was called the "Old Communications Counsel Fund" now it is called "Emergency Communications Development Fund". It was too strict a title, therefore the wording needed to be changed.

J. McHugh, Commissioner: It is a tight rope you walk. People want to be very specific on what you can spend money on. Sometimes the warrant article is written so specific, that you need another warrant article to change the wording.

J. Mudge: When you were here last time, you said you are a back-up to the State Police and somebody else?

Chief Agrafiotis: Merrimack County Sheriff's Dept.

J. Mudge: Do we get any money for those back-ups?

Chief Agrafiotis: The State Police provide the frequency, and the Merrimack County Sheriff's office frequencies were already there. We didn't need to do anything special to be their back-up. We will get more out of helping the State, than they will get out of us being their back-up.

M. Cannata: If the maintenance repair becomes obsolete, they may say you have to purchase. You would need funds to keep that system up. What was the Police Commission's reaction to leasing?

J. McHugh: We never went in front of the Commission about leasing. The information we are presenting to you tonight is hot off the press, before the Commission received it.

M. Miville: I don't see this information is helpful to us.

N. Comai: I think the information is huge.

M. Miville: I don't think the information would be helpful to the Town. Why would we go with leasing? I think purchasing is better for this type of equipment. OME said they don't do radios, and are not aware of other towns that lease. OME's report almost says why we shouldn't do a lease.

N. Comai: The information brings us another step forward. I am thinking of going out of the State of NH to research leasing.

M. Miville: Listening to Joanne and the Chief, and what I am reading, leasing is not a viable thing to do.

J. McHugh, Commissioner: We brought this information forward to you, because this was a request from the CIP Committee to provide a comparative lease vs. purchase. A guess on my part, based on fact and the big picture, this is a consideration that you might have to go with. Years ago there was talk about leasing fire trucks. The option is not saying you would love to do a lease, but if revenues are not what you are expecting, that you may have to lease. If the feeling is you want the input from the Police Commission, we are meeting Tuesday night, December 1<sup>st</sup> @ 5:30pm.

M. Miville: I see cons, cons, and cons with leasing found in the OME report.

N. Comai: Don't say the information has no value to the Town.

M. Miville: Based on this information, I would recommend purchasing the equipment.

N. Comai: The information is a huge value to the Town, and shows we have exhausted all options.

M. Lennon: The value is that if you have to go out and get money from the Town, if they say lease this, we say we thought about it. He said these are the only two companies who might lease this.

J. Mudge: There are a lot of companies who would do leases like this.

Chief Agrafiotis: The Police Commission has not looked at this. My opinion and my staff's opinion, putting money aside in the CIP is the best way to approach this; the best bang for the buck. We will keep maintenance agreements up to get longevity of our equipment, however if something catastrophic happens we can't predict, we do have an option.

M. Lennon: But OME said no one has leased.

Chief Agrafiotis: It may be worth leasing for a fire truck, but not for a police cruiser. The gentleman is right, there are companies that lease equipment. The staff would prefer the CIP process. This exercise has been helpful. To spec out a good communication system, have it maintained, and have staff stay on top of it, when the equipment is coming to an end we would know if something unusual is happening. How the Town wants to fund the equipment, that is up to the Town.

J. McHugh, Commissioner: The Commission would want to know the funding.

N. Comai: The voters may or may not go with it.

J. McHugh, Commissioner: \$87,000 is a lot of money. Someone should have been setting aside \$10,000 yearly. That is going against the intent of the CIP. To add the funds up, I may not see it in my lifetime.

Chief Agrafiotis: As a citizen, I would not want to see the \$87,000. I am advocating for understanding the process, and what will face us sooner or later. Revenues and the economy are also affecting other departments. We may be recommended to have zero. We all made the best decisions with what information we had.

M. Cannata: Is there any federal money available, because your stuff is critical?

Chief Agrafiotis: No at this point, however if we are expanding for growth there may be money. No money that I know of unless something came up from Homeland Security. We have day-to-day Town operations, nothing else I am aware of.

R. Duhaime: Impact fees, only a portion could be spent, not the whole thing.

J. McHugh, Commissioner: And we did discuss impact fees. It is unfair of me to give you my opinion, when there are other Commissioners.

M. Miville: Thank you for the information.

M. Cannata: If you were thinking of a lease, you really wouldn't know the finance charge until you engage. The prime goes up and down. You would need to know a baseline.

Chief Agrafiotis: You would also have to decide if there is no money in the CIP, how do you do it? What if there are six (6) different components that all work together? Do you have six (6) different leases with different finance companies?

J. McHugh, Commissioner: This is a question for members of the Budget Committee and the will of this committee and others. If we are leasing, is this included in the operating budget?

C. Soucie: The original lease would be a warrant article, then the lease payments would be in the operating budget.

J. McHugh, Commissioner: If we have a default budget that would have to be included in that budget.

C. Soucie: In the lease we have an escape clause if there is a default budget.

M. Miville: Is this discussed at the deliberative session?

J. McHugh, Commissioner: How can you do that if you committed?

C. Soucie: That is why there is the escape clause. That is why we issue this clause on all of our leases. I personally would not recommend this lease for this type of equipment. I was thinking more like the copier leases to repair wear and tear.

Chief Agrafiotis: And our equipment is radios.

M. Miville: Maintenance fees vs. leases.

J. McHugh, Commissioner: He has maintenance contracts.

C. Soucie: Another lease like the copiers, when that breaks down they bring in a new piece of equipment.

Chief Agrafiotis: When our equipment fails, they don't want it back. For radio equipment, you are really stuck with only a couple of companies in the country who provide this equipment.

C. Soucie: I would not recommend the lease.

M. Cannata: We could conclude that to throw it out to bid for replacement, if it became necessary. On a lease mode, you just couldn't do it. You may not be able to interface with equipment you have.

Chief Agrafiotis: Our Ford Crown Victoria cruiser parts are different than the same vehicle for parts at a dealer. They are custom fit.

M. Miville: There is the CIP and the operating budget. If a part broke down, you could still use part of the reserve fund to fix it. If the whole system fails and the whole thing needed to be replaced, can they supplement the CIP with part of their unspent budget?

C. Soucie: They could take funds from the operating budget to replace and maintain the equipment, if there is only \$165,000 in there and they needed \$300,000.

M. Miville: Take \$173,000; use what you have and get the whole system. You would still need CIP to supplement?

C. Soucie: Yes for the future in 10 yrs.

Chief Agrafiotis: We would have wiped out the CIP. We would be starting at zero and asking for “x” number of dollars. We could use a portion from the CIP and a portion from the operating budget.

### **SPREADSHEET DEVELOPMENT**

C. Soucie: Dale handed in his updated spreadsheet last week. When I reviewed his information, I found some discrepancies. Because Carol had not seen his updates, I didn’t update the CIP spreadsheet. I lined a couple of highway items out, because Dale wasn’t sure if he really needed them. Other than that, I leveled out the funding on the spreadsheet. The first two items from Administration I left alone and I put them in this year.

N. Comai: Would each of these be a warrant article?

C. Soucie: Example for two (2) fire engines, I would recommend setting up one capital reserve account called “fire engines” and have his money it.

M. Miville: Engine #1 he needs now.

C. Soucie: Yes, Engine #1 he needs now. Dale’s dump trucks, he wanted 5 of them in 6 yrs. Carol recommended one reserve of \$50,000 now, and \$100,000 next year. I leveled it to \$75,000 yearly.

N. Comai: Can we go back to the engine funds? If you put \$100,000 in the capital reserve as “engine funds” you could purchase an Engine #1 type vehicle?

C. Soucie: You still need the vote of the agent of the fund. This is named in the warrant article. It can be anyone from the Fire Chief to the Town Council, or if not named it has to go back to the taxpayers.

N. Comai: I would like it to go to the taxpayers.

C. Soucie: Taxpayers are a non-named agent.

M. Cannata: If a named agent, example Town Administrator or Town Council or another individual and that individual is not there to make the decision, what happens?

C. Soucie: It is whoever the Town Administrator is designated at that time; not the specific individual’s name. It is the position.

R. Duhaime: Feasibility Study for Southern Leg of Parkway - too bad we haven’t received anything from the EDC on the feasibility study. It is going to help the taxpayers to have a commercial lot study.



J. Mudge: That will bring the tax rate down.

C. Soucie: \$150,000 is only for study, and not building anything.

M. Cannata: Developments in that area are on the wet side.

R. Duhaime: Backhoe and Loader - the pieces of equipment that are new, repair them when needed. The year has nothing to do with it.

M. Cannata: For the backhoe and loader, you are thinking putting them together as one funding item? If one fails, they are interchangeable as far as function. It is not an emergency.

R. Duhaime: Solid waste has a loader.

M. Cannata: Recycle - what about the automated barrels?

M. Miville: At the last Town Council, Diane made the same automated presentation she provided to us.

C. Soucie: It is recommended by Diane. \$460,000 is a .33 cents tax increase.

M. Cannata: Once a tax agenda, it never comes off.

C. Soucie: I assume it would be a warrant article.

M. Cannata: Fire Station #3 - this question is a wildcard. If there is 90% window of probability of a station this year or next, then buy in or forget it. Where would be the source of funding?

C. Soucie: It would have to go through a warrant article and raise funds through taxes or use the fund balance. It would have to be in a bond.

R. Duhaime: They would get the land donated and build a station, or they would share the Manchester Station and that would get rebuilt.

N. Comai: Doesn't that increase the number of Firemen needed?

### **General Comments**

N. Comai: Modify the CIP handbook to allow the addition of the Town Administrator Recommendation column into the CIP Plan.

M. Miville: We are applying CIP recommendations to the Town Council and the Administration's mandate for leveled funding and limited warrant articles into our deliberations.

N. Comai: The CIP Plan makes the roadmap. With the recap sheet, that is only for one year. For our purposes now use the 6 yr CIP Plan. This will drive the ship in the way of planning.

C. Soucie: We can put the CIP plan on top and the recap sheet behind it.

M. Cannata: There is a time factor for the CIP Plan presentation to the Planning Board. The Planning Board agenda may be inflated by the December 7<sup>th</sup> meeting.

M. Miville: Feasibility Study for Southern Leg of Parkway - I am not big on studies. You are more experienced on studies.

J. Mudge: The parkway will open commercial and industrial land and reduce residential taxes.

M. Lennon: I can't see putting in money for the study.

M. Cannata: Put it on the CIP plan for next year. There has been some surveying done. Jack, are you aware of that surveying and do you know what the results are? There has been some hope and lack of hope. There are a lot of wetlands and a lot of takings. That is why I am not in favor of it at this point and time.

C. Soucie: Forestry #3 & Tanker #3 - combine Forestry #3 and Tanker #3.

M. Miville: Do what we have to do for the voters and leave the politics out.

N. Comai: What is the condition of the equipment? Existing bought \$400,000.

M. Cannata: He may not have to replace it right off. He wants the money there for when it does fail to replace it. He can get it serviced now. 1/2 ton pickup truck - Dales wants to have an extended back for staff transportation.

N. Comai: Have \$75,000 yearly in the fund, so he can get a new machine yearly.

R. Duhaime: The agent can still say no.

N. Comai: Automated Collection - Diane didn't sell the workmen's compensation vs. automation to me.

M. Lennon: Workmen's compensation is not a problem and not the real selling point. The selling point is saving money down the road.

C. Soucie: It would be more efficient for growth.

N. Comai: Diane should phase a little at a time.

M. Cannata: It should be automated collection for all residential.

**PRELIMINARY/STRAW VOTE**

See attached spreadsheet for details.

*M. Cannata motioned to adjourn at 8:30pm. Seconded by M. Miville.  
Vote unanimously in favor.*

**ADJOURNMENT**

Chair R. Duhaime adjourned the meeting at 8:30pm.

Respectfully submitted,

Donna J. Fitzpatrick  
Planning Coordinator