

**TOWN COUNCIL MINUTES
SPECIAL MEETING
WEDNESDAY, SEPTEMBER 18, 2002
Hooksett Public Library, 1701 Hooksett Rd.**

The meeting was called to order at 6:32pm.

PRESENT:

TOWN COUNCIL: Chairman M. DiBitetto, D. Pichette-Volk, P. Rueppel, P. Loiselle, M. Ruel, R. Dion, P. Ganley, M. Farrell - Town Administrator. Absent: R. Holley, M. Jolin.

BUDGET COMMITTEE: Charlie Humphries, Gerry Kearney, Lynne O'Brien, Don Duford, Jim Michaud, Bryan Williams, Timothy Stewart, LeeAnn Moynihan – Secretary.

CIP & PLANNING BOARD: Doug St. Pierre.

SCHOOL BOARD & PLANNING BOARD: Joanne McHugh.

SCHOOL BOARD & BUDGET: John Pieroni.

TOWN DEPARTMENTS: Dale Hemeon – Highway/Parks & Recs., Michael Howard – Fire Chief, Diane Boyce – Transfer Station, Kemp Holt – Transfer Station, Stephen Agrafiotis – Police Chief, Sandy Piper – Assessing.

PRESENTERS: Diane Savoie – Finance Director, Charles Watson – Town Planner.

Chairman DiBitetto stated that this meeting is a joint meeting of the CIP Committee, Budget Committee and the Town Council. Since these three groups are so closely related in the budget process it was thought that an overview of the Budget process would be helpful. If things can be said once instead of three times, with responses and counter responses, we can save time and effort. The ultimate goal is to make our Town government more efficient.

Charles Watson, Town Planner, presented an overview of the Capital Improvement Program (CIP), which is a subcommittee of the Planning Board. He defined the purpose of the CIP and it's value to the community's planning process. **(Attachment #1)**.

Diane Savoie, Finance Director, presented the Town's CIP process, what is a CIP item and what is a Capital item. The booklet provided is a planning tool that contains estimates with best guesses. A CIP item is a major, non recurring item; not an item that is needed every X number of years such as a car; it must cost at least \$50,000; expected life must be at least five years. Paying for an item should be done by setting up a capital reserve fund, a lease or a bond. Impact items must appear in the CIP before we can actually collect money as well as spend money for impact fees. A Capital item is a recurring item, part of normal daily operations; it costs less than \$50,000 such as a pickup truck or a lift for a mechanic.

In the process the Finance Department sends a package out to each department head looking for their input on CIP and Capital items. Capital and CIP items are due on October 1st. A form is filled out indicating what the department manager would need each year to be placed in the Capital Reserve Fund. These are all guesstimates, projections and planning; justification must be made for each request, is it part of the Master Plan, these are the types of questions that must be asked. The next item the department heads address is the vehicle inventory report that is put into a matrix and reviewed with the Town Administrator. Then it goes to the CIP. When there is an expected large expenditure of an estimated amount, such as the police communications radio, a certain amount of money is put aside yearly into a Capital Reserve Fund, for a specific amount of years so that when the time comes to purchase the item the money is there. This is done so that there will not be a big increase in the tax rate. CIP Committee then decides what items they would like to present to Town Council. They provide documentation indicating why they voted a certain way.

G. Kearney asked who sees the necessary, urgent and deferrable, and does the CIP Committee screen those things out.

D. Savoie stated that the CIP committee and the Town Administrator see it.

J. Michaud asked if the items that did not make it into the budget couldn't be or were not put into the proposed budget.

D. Savoie stated that some were not approved and some didn't make it as a warrant article. Department heads fill out the forms that go to Finance Department for number crunching, graphs, and matrixes. Then books are prepared for the Town Administrator who interviews the department heads and with those results the Town Administrator returns the data to Finance Department for compilation and it is assembled into a three ring binder. This binder goes to the CIP Committee and is discussed with the department heads, and then the CIP Committee cast their votes and returns their results to Finance Department. Finance compiles their results and forwards it to the Town Council. Council reviews information and meets with the department heads and the CIP Committee then the Council votes on what will be brought forward to the Budget Committee. The Budget Committee meets with the department heads, then vote. The ultimate decision resides with the town meeting vote on CIP items through warrant articles.

R. Dion asked why do we establish a fund then years down the line we realize we need to close it and put the money back into the general fund.

D. Savoie stated that's what CIP Committee is all about; that's the planning process. As time passes, technology changes thus our CIP needs will change. Some items are closed out as they are already bought and there is money left over due to interest or obtaining better prices than projected. That money has to be returned to the general fund and the account closed out.

R. Dion asked why don't we spend the money to buy the item when needed versus putting money away for three, four or five years then buying the item.

D. Savoie stated that the CIP is a planning tool.

J. McHugh stated that if the CIP Committee has information on town growth and what might be coming up or what might be needed in the future and Town Council does not have all of that background information, then decisions on both parties are from different points of view. The question is are we operating in concert to what is beneficial to the Town.

D. Savoie stated that the CIP Committee summarizes the CIP plan and prepares an analysis that goes to the Town Council in their budget book for the Council's to review. On the recap sheet the CIP Committee analyzed every item and stated why they thought an item was a good item or why it should be deferred.

J. McHugh asked with regard to CIP and impact fees, when do you start paying out, when the item is purchased, when is the building built or the land purchased.

D. Savoie stated that the day the impact fees are voted in the first thing you need is to get a basis and then determination must be made if there are any existing discrepancies. Once the building is complete, which includes the growth part, you can start paying impact fee dollars. Impact fees can only be used for growth from the date of implementation of the impact fee ordinance.

J. McHugh asked if the money has to go directly for a fiscal payment, or is it just returned as revenue, do they have to show you anything.

D. Savoie stated that she would need to see actual documentation because it is a legal matter and it is governed by RSA's. We can contribute payments to principal or interest but only after everything is done. The school would have it as revenue as well as the Town.

D. St. Pierre stated that it is important to note that impact fees have a six-year life span. We can't go beyond six years; the money we start saving has to be spent on that project within six years or it has to be returned.

M. Ruel asked who has the final say on what goes to the ballot. What does Council put together for the Budget Committee. Does the Budget Committee receive the same presentations.

D. Savoie stated the Budget Committee has the final say and the ballot notates that the item is supported or not supported by the Budget Committee and the Town Council. Both Committee's have an opportunity to vote and their outcomes are disclosed to the voters. The CIP's job is to review and select items for the Town Council. This procedure is similar to the way other towns conduct their budgeting process. The CIP members are chosen to analyze the CIP requests at the beginning process to save the Town Council many hours of going through all the steps of reviewing.

M. Farrell stated this process is based on time as much as on money. The department head will start with a 10 – 20 year plan. The CIP Committee is a six-year plan. The Council is more of a mid-term plan looking a few years down the road yet keeping in mind the bottom line of the budget. The Budget Committee is more narrowly focused in looking at this year and what the tax rate will end up being. One of the reasons for having this meeting is so that everyone knows where things come from and where everyone is looking. Each group looks at the budget from a different perspective.

D. St. Pierre stated that most of the department heads come to the CIP and Planning Board meetings. Generally Highway, Parks & Recs., and Police attend the meetings. The Fire Department attends almost every meeting; they know what's going on in town and are responsible for giving the approval on most plans and subdivisions that come through. Most of the department heads know why they need what they need because they are part of the Planning Board process therefore, the money they are asking for are real true amounts. The CIP is a subcommittee of the Planning Board that's why they are well informed.

Chairman DiBitto stated that a lot of the areas we seem to get hung up on in the process are where the change is from the CIP recommendation through the Council and on to the Budget Committee. It is hoped that through this process we can come up with a unified philosophy of how we are going to do our CIP so that by the time it gets into the detailed analysis were not still arguing over the global concept in terms of funding mechanisms.

M. Farrell stated that impact fees would be a fourth method of funding. This will get more complicated because the fees are earmarked for specific expenditures such as schools, public safety and transportation. The point is that the money does not come from the taxpayers.

J. Michaud stated there are other sources of funding that can be used to fund CIP projects such as grants. He asked if grants are sought often.

M. Farrell stated we do look into grant funding. We don't qualify for many types of grants, as we are more affluent than other towns. Low unemployment is another factor. We are not a diverse community so there aren't too many grants that the Town would qualify for. The Federal Government gives funding for police work and we did qualify last year. We have applied for Fire Department grants in the last two years with no success yet. We do keep looking into grants but there is not a lot out there.

C. Watson stated there are grants available through corporations but they are generally not for CIP items and are not a lot of money. There are grants in the range of \$1,000 - \$10,000. This type of grant money has been applied for and received and we have applications for some grants waiting a response.

D. Savoie stated that we must be aware that with a grant the Town must expend the dollars before it is reimbursed. Grant reimbursement can happen in the same budget year, or in another budget year; it's always considered revenue under the DRA rule.

M. Ruel stated that when the process starts with CIP Committee then to Town Council then to the Budget Committee there are changes made by each group. Before it goes to the voters, each group should have an opportunity to reassess their recommendations to make sure that it is still accurate. In taking it one step further, if the CIP or Budget makes recommendations and it changes by the time it goes to the town meeting and also if it changes occur at town meeting before it goes to voters each group should have an opportunity to reassess their recommendations and make sure that it is still accurate. Another point is if Council or Budget Committee changes a CIP item then there should be a meeting with the CIP Committee to get their opinion to come to a consensus.

M. Ruel asked who recommends an item to be funded by Capital Reserve, lease or impact fees.

M. Farrell stated he looks at the big picture and he makes the recommendations to the CIP Committee. Town Charter states consultation with the CIP Committee, the Town Administrator presents the CIP, then to the Town Council.

M. Ruel asked what is the current status of the municipal impact fees and what's the time frame on them being looked at by CIP for next year.

C. Watson stated currently there is about \$400,000 for school impact fees that were collected in the last year. A consultant has produced final reports on impact fee schedules for public safety, recreation, and municipal offices. They will be discussed, for the first time, with the Planning Board this coming Monday. If the Planning Board decides that those schedules are accurate and appropriate and should be put into effect, then those schedules will be brought to Town Council who set the fees. If we follow the same procedure as we did for the School, the fees would be effective immediately. A plan would need to be in place to spend the money within six years.

M. Ruel stated we would need a comprehensive document that incorporates where we are now, where we need to be, where we are going, and how this relates to the CIP projects.

C. Watson agreed and stated the goal by next spring is for the Planning Board to hold meetings on the Master Plan, then have a public hearing to get it adopted. It is important to keep in mind that we must have a plan in place to be able to spend the impact fees within six years.

D. St. Pierre stated that in any specific situation the current status is not the goal but the future status, be it expansion, population, amount of space needed etc. The goal starts on the day we collect the first dollar.

Chairman DiBitetto stated to help make the necessary decisions he would like the boards to review with the department heads what the boards will be looking for. He asked if any of the board members have given thought to the type of information they would like to receive from the departments and would you like to discuss it this evening since the department heads are present at this meeting. He would like to get a plan with a financing mechanisms laid out and then try to build some consensus for the plan as a concept before the Budget Committee recommends a Budget and for Council to have an agreement or understanding on what the plan is before the budget is crafted.

D. St. Pierre stated that the CIP tries not to introduce more than \$500,000. They receive a package and discuss it and they talk to the department heads in order to avoid any spikes, they are conscious of what they approve through department head recommendations.

Chairman DiBitetto stated that an area where there is disagreement is the end game plan, which is buying into the total equipment plan over so many years. Some of the questions are the life of the equipment. Is it being retired too early or too late and what is the rational or method for purchases. That part of the discussion is very time consuming and those same discussions go to each board and not often are the results the same. Would it be reasonable to ask that when CIP convenes for their first meeting that the Budget Committee and Town Council attend the meeting to allow for their input.

M. Farrell stated that the Charter clearly states that it is a Planning Board function.

D. St. Pierre stated there is minimal public input because the meeting is between CIP Committee and department heads.

M. Farrell stated that all the meetings are open to the public and the Planning Board holds a public hearing that adopts the CIP plan.

D. St. Pierre stated if our goal is to be on the same page and to streamline the process then he has no problem with Budget Committee or Council attending any of the four to five CIP Committee meetings as long as it doesn't violate any statutes or laws and perhaps this would be a opportune time to review those laws.

M. Farrell stated he requested the department heads attend this meeting to answer any questions.

Chairman DiBietto stated that the Fire Department schedule looks to 20 years and asked if that is the only equipment inventory projecting that far out.

D. Savoie stated that looking at the Highway Depart, for example, they say when equipment will need to be replaced and requested that all departments submit this projection.

Chief Howard stated that the chart on pages 20 outlines the 20-year plan. The items fall under the capital category towards the CIP category that D. Savoie explained earlier. The remaining items fall within the general operating budget. Items over \$50,000 are for CIP and items of \$5,000 to \$50,000 for capital. The 20 year plan represents anything above \$5,000 be listed on the sheet and the rest of the items fall within the normal operating budget.

D. Duford stated that in 1986 there was an influx of demolition dollars that started to be received in the amount of \$750,000 to one million dollars. A warrant article was created to accept the non-tax dollar funds. This was fine until the Town started running out of demolitions space. Since then the money has gone down but the requests have not. Trucks that should be replaced after seven years are being replaced after 15 – 20 years and equipment is measured in hours but is written down in years. Equipment can be many years old but still have many more years of efficiency left to it.

D. Savoie stated that once an item goes to lease it would no longer show up on the CIP buy it will go to capital expense.

M DiBietto asked how does this legally affect impact fee issues such as a leased item.

D. Savoie stated if what you are purchasing is strictly for growth not for deficiency purposes then you can use that money to lease an item.

Chairman DiBietto asked if we lease quint one do we immediately list the replacement for quint one in the CIP.

D. Savoie stated it should go in the capital inventory. It doesn't show up in the CIP until you get within five years of the acquisition.

D. Savoie stated the CIP looks ahead six years unless you want to put money away in Capital Reserve Fund.

C. Watson stated that the CIP represents what we can and cannot afford. On the revenue side of CIP we should be doing more to not necessarily stimulate development but help to make a decision as to what kind of development comes into the community. In order to have a stable tax rate you need to stop spending money or have revenue increased to the point were the tax rate stays the same. He suggested that something should be done to stimulate the revenues.

Chair DiBietto stated that he would like the Planning Board to send a notice to the Town Council on the first CIP meeting so that all can attend and if allowed, be able to speak at the meeting. He thanked the presenters and everyone at the meeting for giving a global concept on how the CIP operates.

Chairman DiBietto adjourned the meeting at 9:10pm

Respectfully submitted,

Tina M. Paquette
Administrative Assistant

Mary A. Ruel
Secretary