

**TOWN COUNCIL, CIP/PLANNING BOARD AND BUDGET MEETING**  
**HOOKSETT PUBLIC LIBRARY**  
**OCTOBER 2, 2003**

**MEMBERS PRESENT:**

**Town Council:** Chairman DiBitetto, D. Belanger, P. Fitantes, M. Jolin, M. Ruel, D. St. Pierre, P. Loiselle, Acting Town Administrator. Excused: G. Longfellow, P. Rueppel.

**CIP (Capital Improvement Program):** Chairman D. St. Pierre, K. Burgess, C. Humphries, B. Sullivan, L. Tonneson and S. Korzyniowski – Public Member.

**Budget Committee:** Chairman B. Williams, D. Duford, S. Howell, G. Kearney, L. O'Brien, L. Wright.

**Departments:** Police Chief S. Agrafiotis, Solid Waste Superintendent K. Holt and Diane Boyce, Fire Department Deputy Chief F. Fraitzl, Fire Department Deputy Chief M. Williams, Highway Department Manager D. Hemeon and C. Watson, Town Planner.

**Speaker:** Diane Savoie, Finance Director.

Chairman DiBitetto called the meeting to order at 7:05 pm

Chairman DiBitetto stated this is the second annual meeting relative to the CIP. He wanted to take the opportunity for explanation how the CIP is put together and to discuss what the different boards would like to see in the CIP. Diane Savoie, Finance Director, will give an historic overview on how the CIP was created.

D. Savoie stated that the CIP is a complex process and an historic overview should shed some light on how the CIP items came about. It is important to look at growth to help make decisions and have a successful CIP. Charles Watson, Town Planner, will be talking about the Town's recent and future growth. There is also a need to look at all Town owned buildings as far as growth is concerned. During this meeting D. Savoie refers to the handout presented to each attendee. **(Attachment #1)** Impact fees will be discussed on how the fees will impact the Town in this CIP and in the future. Impact fees are money we collect and apply to certain projects. She will discuss lease purchase items so that everyone will have the same understanding on how it works so we can move forward together.

**WHY DO WE NEED A CIP PROGRAM?**

D. Savoie state a successful CIP, for the Town, reflects growth in the Town. CIP is used as a forecasting tool; it helps the Town deal with changes by identifying those changes and when they may occur. CIP is ever changing, today we may perceive it to be one thing, then suddenly there may be a drastic change in the Town and then that CIP would no longer be valid. Also as the Town grows things change and some items come to the forefront that were not there before or are now the important issue. Per RSA 674:21, V it states that in order for a Town to adopt an impact fee ordinance they must enact a CIP program. The CIP is now very important because we have inactive impact fees.

**FUNDING OF CIP PROGRAMS.**

D. Savoie stated on page H-1 of the booklet it shows six years of data and \$1,749,000 was spent; of that amount only a very small portion 19.47% or \$340,000 came from the CIP fund. She brought this up because in reviewing previous years there were dollars in the CIP fund and it was thought that maybe they could use that money to fund a particular project, but if you recall the Town voted to discontinue the CIP and established another fund. The point being, whatever is presented to the taxpayers it will be from taxation. Last year's CIP was used for forecasting, decisions were made by the CIP Committee, they presented their decisions to the Town Council and they presented their decisions to the Budget Committee then their decisions went to Town Meeting. This year will not be different than any other year but when you're voting on something you are only seeing CIP for the year that you are going to spend. So when you look at the CIP, don't look at it as what you are going to be spending at Town Meeting, look at it in terms of the big picture. Charles Watson will speak on growth in Hooksett.

C. Watson, Town Planner, stated growth in Hooksett is complicated because there is so much of it. Included in the finance packet is his memo dated September 3, 2003 that shows growth currently, short term, near term,

OCTOBER 2, 2003

intermediate term, and long term. In his Summary of Growth Concerns he presents new residential construction for the past three years. It shows the number of building permits and certificates of occupancy issued in the past three years; keeping in mind that certificates of occupancy are not issued at the same pace as building permits. Impact fees have been invoiced for \$811,740.92 and over \$650,000 have been collected. Funding is relatively easy to collect but one must be diligent in gathering our deficiencies within the 6-year period so that the funds may be spent. New commercial development at Exit 10 shows that there is almost one half a million square feet. Town voted to raise \$2.6 million in revenue bonds. The current estimated value is \$52 million. The current tax rate is \$25.20 per thousand and if you multiply that times \$52 thousand you get \$1.3 million in tax revenue each year. There is a 10-year bond and it cannot be paid off in advance. For example, if the Town were to choose another infrastructure addition in the TIF district, there would be revenue to take care of that additional infrastructure by either expanding the TIF district or creating another TIF district. The current TIF district is currently being developed further and there will still be a lot more land available for development. So whether or not the Town would want to create another TIF district would be another option for the future. Also, Manchester Sand and Gravel, at the intersection of Route 3 and Industrial Park Drive, have plans for additional construction within five years.

C. Watson stated his memo also outlines 25 growth projects and only the first three are currently under construction. The areas for this future construction would be along Route 3, Route 3A and along the Merrimack River. His conclusion is that Hooksett will continue to experience non-residential growth. This will have a positive impact on the tax revenue stream and will help to offset the heavy emphasis on residential property taxation. For example in 2002 the Town received \$2.25 in residential taxation for every dollar of non-residential. What it strived for was stimulation of non-residential growth. Development causes a lot of infrastructure building, granted the developers pay for some of the roadwork yet there is always roadwork costs to the Town. The Master Plan continues to move forward and public hearings should take place by the end of this year. This plan has earmarked some infrastructure needs. He feels that the Town should coordinate it's efforts from each department, to the CIP Committee, to the Town Council and to the Budget Committee so that everyone has as much advanced notice as possible on what types of infrastructure needs are likely to be presented to the Town. Then the Town could give some thought, analyze, and research to put into the CIP and do what the Town can afford to do.

G. Kearney asked if any negative trends have occurred in terms of non-residential entities planning to relocate out of Town.

C. Watson stated that he is not aware of any non-residential entities leaving Hooksett.

D. Duford stated that in reference to C. Watson's handout on page 2 on the current \$52 million estimated TIF value, historically, depending on what our equalized valuation was, which was around 48%, your tax rate would be reduced by approximately the same amount. Therefore your number on the estimated tax revenue is inflated quite a lot. Estimated revenue will be considerable less than what you listed on this sheet.

C. Watson stated that might very well be.

S. Howell stated he doesn't see impact fees for the school system.

C. Watson stated on page 1 under impact fees the first column is the school impact fee, established in May 2001, and we have invoiced \$760,000.

D. Savoie stated to S. Howell that she would go into impact fees in more detail later on in this meeting.

### **HOW DO WE ADDRESS GROWTH?**

#### **Infrastructure and Town Facilities.**

D. Savoie stated that the department managers and committees need to analyze what projects will be accepted by the voters. Some of the issues that need to be looked at would be major roads that would not be funded by developers, expansion of Town facilities for police, fire and municipal buildings such as highway and sewer facilities.

#### **IMPACT FEES.**

D. Savoie stated that in RSA 674:21V impact fees authorize municipalities to assess impact fees to new development for construction or improvement of capital facilities owned or operated by the municipality. Fees

OCTOBER 2, 2003

assessed must be reasonable as related to capital needs created by new development. Impact fees cannot be used for current deficiencies they must be applied to future needs such as capacity of buildings. Impact fees are for future growth effective from the day you enact the impact fee ordinance.

B. Williams asked is there a demand from the TIF district for the schools based on B.J's and Target. Certain impact fees only apply for certain kinds of construction.

D. Savoie stated there is no demand from B.J. or Target. Yes, certain impact fees apply to only certain kinds of construction. They will only pay impact fees to police and fire.

B. Williams asked do we have one for roads or do we need one?

D. Savoie stated we don't have one and yes we do need one.

C. Watson stated he feels there should be impact fees for roads, therefore, in this year's budget he asked for money via warrant article #13 for a transportation impact fee and the vote was in favor of the impact fee.

D. Savoie stated currently when a home is being built there are impact fees for school, police, fire, and parks and recreation. The Town started collecting school impact fees in 2001 and these fees are earmarked for the new middle school for future capacity.

D. Duford asked if the school impact fees that are to be used only for future expansion must that happen within six years.

D. Savoie stated the Town has to spend those fees within 6 years, that portion must go toward schools. Expenditure from those fees can be applied toward the school and only a certain amount and be expended each year.

#### **POLICE IMPACT FEES.**

D. Savoie stated we started collecting impact fees in March 2003. In 2002 the planning consultant interviewed the Police Chief and it was decided that the police side of the safety center could adequately handle additional personnel. The consultant advised there were other issues that could be suitable for use of the impact fees. The fees could put toward future growth at the safety center by paying off the current safety center bond or hold off for a while and see if you need another place in the next three or four years. The plan is to use all the money collected within the six-year period; no money will be turned back to the developer.

P. Fitanides asked how much money is left on the safety center bond.

D. Savoie stated that data is on the last page of her handout and the amount is \$1,010,000.

#### **FIRE IMPACT FEES.**

D. Savoie stated that impact fees for fire, police and parks were all enacted in 2003. Impact fees are for anticipated growth, they cannot be used for deficiencies, and they are for capital items only and cannot be used for personnel. In 2002 when the planning consultant spoke with the Fire Chief it was determined that the fire side of the safety center was being utilized to capacity therefore he suggested to use impact fees to acquire land for public safety facilities, construction and equipping of new safety facilities.

#### **PARKS & RECREATION IMPACT FEES:**

D. Savoie stated that when the planning consultants spoke to the Parks and Recreation Department their deficiencies were calculated to be \$658,000. The deficiency analysis on page 7 shows the deficiencies in 1 youth baseball field, 1 fenced T-ball field, 1 football field and 4 tennis courts. It is important to note that this data is old and comes from a 1997 master plan. The Consultant has offered to reanalyze the parks & recreation section should there be a request to do so.

M. Jolin stated he was told that the consultant ran a table based on populations and his figures still came under the master plan's figures and he also used national figures; that's why he went with the master plan's figures.

C. Watson stated we have the right to determine what kind of recreational facilities we want in our community, we can determine what our deficiencies are and what we want to spend for facilities.

D. Savoie stated that for the Police and Fire Departments' future we could look at acquisition of land, expanding buildings or equipping new buildings with new apparatus. For the Parks and Recreation Department the Town will have to address the deficiencies before we can apply any impact fees to any projects. Keeping in mind there is not much money in Police, Fire or Parks. There is some money for Schools and we should be able to give the school at least \$300,000 before the tax rate is set. This is important because the \$300,000 comes from a special revenue fund that is waiting to be used and is collecting interest.

**LEASE/PURCHASE:**

D. Savoie stated we have done a lease/purchase for a quint fire truck and we are now in the process of doing one for a packer truck. Looking for some guidance she asked if there is a threshold that they would be comfortable with in supporting a lease/purchase agreement. Lease/purchase agreement for a municipality is defined by the last payment of the lease, which is \$1.00, and then you own the equipment outright. The lease is at a very low interest rate with a certain amount of payments. She asked what they would like the minimum dollar amount to be for a lease item. There are pros and cons when looking at each situation. You could lease an item and incur the costs throughout the number of years or buy outright and then be able to buy one item per year and not incur the cost of paying interest.

D. Duford stated it would be his opinion to use \$250,000-\$300,000 as a threshold, anything less than that should be scheduled for payment at one year, so that next year another department can have their turn. Don't try and get everything in the same year. The interest saved would sometimes pay for one third or one half of the cost of the item being bought.

G. Kearney asked how do you determine the length of time for leasing.

D. Savoie stated that her rule of thumb is that she goes by depreciation value of usually 5-7 years for a large piece of equipment. As for a fire truck with a large dollar amount, some opinions are, maybe 10 years would be better.

G. Kearney stated that if the equipment is very costly then payments should be made and then it becomes a necessity to pay the interest, however, if the equipment is a \$30,000 item it should be bought outright.

L. Tonneson asked if the Town gets special deals on interest rates so we can weigh the cost effectiveness of leasing vs. buying outright.

D. Savoie stated because we are a municipality, the interests rate we get from banks and leasing companies have been very consistent over the years unless you go over the anticipated life of the vehicle. If you stay within a 3, 5 or 7 year lease the rates would be pretty close the only difference is if you are buying a vehicle, or a piece of equipment or a bond for a project then the parameters are different.

M. Ruel stated the limits would need to be determined by those at this meeting so that the terms would be set to go to the warrant with the specifics outlined such as the item being a one-year lease, 5-year lease or, a one-time purchase. Once the voters approve it then the interest rate would be sought. She suggested that anything costing over \$150,000 be brought through a lease purchase and anything costing under \$150,000 should be a one-time purchase. Each year we need to set a threshold and a cap on CIP and Capital.

**OTHER BUDGET DISCUSSIONS:**

D. Belanger stated it must be stressed that this is a needs not a wish list. When the voters see that a specific department wants many things then the voters start voting no for many items and then they also vote no for other departments items as well, therefore, by asking for too much we actually get less.

Chairman asked if the minimum is \$50,000 for an item to go on the CIP and below \$50,000 it goes in the capital line item.

D. St. Pierre stated yes the minimum is \$50,000.

D. Savoie state those on the CIP Committee will not see Capital requests, Capital requests will be seen when they go through the budget. When she receives requests from the departments she takes the requests and puts them in either the CIP budget or the Capital budget.

D. Duford stated that in the past the demolition tipping money of \$6,500,000 to \$7,000,000 bought some buildings and equipment. Now there are no tipping fees collected, therefore, you need to tone it down and fulfill the needs not the wishes. It's time to take a closer look on what items are going in the Capital line as well as in the CIP budget.

D. Savoie stated all Town department managers are required to go out at least ten years and to give a best guess for the life of the item or equipment.

D. Duford stated the charter specifies 6 years out, the CIP Committee decided a few years ago that an item \$50,000 or less is not worth trying to project out at 2-6 years and it should be addressed in this years' warrant. It would have to appear on a warrant article separate from anything the CIP Committee would recommend in other words they don't want to be bothered with these little requests.

D. Hemeon stated most departments don't look at it as a wish list; they look at what they need to do the job.

D. Belanger stated that all departments should come with reasonable and true requests because the taxpayers get tired of frivolous requests and then they vote no on everything.

C. Watson stated that at budget time perhaps all department heads could be privy to see what the other departments are asking for in their budgets to help department heads see what might be a priority item so that by the time the Council or the Budget Committee receives requests they would be more realistic.

D. Duford stated that the department heads review their budget with the Administrator and it's the Administrator's responsibility to refine their budgets so by the time it gets to the Council and the Budget Committee there shouldn't be much to do. The bulk of the work should have been decided at the department level with the Administrator. This would also make the Finance Department's process much easier as well.

Chairman DiBietto stated that at some point they need to make an analysis on what their total Capital needs are for 10 years and what it will cost each year. That's why it's important to have a list of all items with their criteria.

D. Savoie stated that last year there was such a spreadsheet and there will be one this year as well.

B. Williams stated while at a recent workshop it was mentioned that when the budget is submitted to the Budget Committee that the budgetary warrant articles should be submitted at the same time.

P. Loiselle stated that as a result of the reval situation we don't have what we need, but it would be significant in bringing the revenue side of the picture for presentation.

G. Kearney stated he would like the Town to have a purchasing agent, who could negotiate and optimize the expenditure of a dollar, for purchases from office supplies, copiers, to capital expenses. They have asked their School Board Representative to approach this issue and he would like to know if it would be possible to have someone report to the Town Administrator and use the Finance Department to do proposals and business case analysis to optimize the Town's purchasing power.

Chairman DiBietto stated the Town Council would support that initiative.

D. Savoie stated for the Budget Committee to draft a preliminary job description and present it to the Finance Department.

D. St. Pierre stated he would hope that no one leaves here tonight thinking impact fees are going to fund the CIP. He wanted to be clear that they would still need funding from the Town through taxation.

P. Fitanides stated that the interest for the Sewer Bond was omitted from the packet and in the power point presentation and he would like to have that information.

D. Savoie stated it was inadvertently omitted and she would get that information to him.

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OCTOBER 2, 2003

Chairman DiBitetto adjourned the meeting at 8:50pm.

Respectfully submitted,

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Tina M. Paquette  
Administrative Assistant

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Mary A. Ruel  
Town Council Secretary