

**OFFICE OF SELECTMEN
6 HOLLAND STREET
PO BOX 139
MOULTONBOROUGH, NH 03254**

Selectmen's Work Session

September 22, 2011

MINUTES

Selectmen: Selectmen: Joel R. Mudgett, Chairman; Edward J. Charest; James F. Gray;
Betsey L. Patten; Russell C. Wakefield; Carter Terenzini, Town Administrator.

CALL TO ORDER: Joel called the meeting to Order at 4:05 P.M.

- 1. Fiscal Year Conversion:** Jean Beadle presented a series of slides laying out the approach that she and the Town Administrator (TA) had taken to learn lessons from those who had gone before us, the matter of whether or not one should move the Town Meeting at the same time to May (it was recommended to keep these issues separate as it "muddies" the waters and there is a 50/50 split seemingly between those who want it moved and those who do not; also the SAU cannot by statute move its meetings) and the means of paying the estimated \$5.2 million needed for the additional six months of the initial 18 month conversion year (one then goes to July 1 to June 30 in 12 month periods thereafter). The means of paying for the conversion are bonding (recommended by the Auditors, amassing the money in a reserve fund (taking 10+ years and carrying a risk inflation exceeds interest earnings), amassing the needed money in the fund balance (taking a risk someone uses this during the period you are building it up) or spiking the tax rate (creating escrow problems for some during the two years of and after the conversion) and quarterly tax billing (which has some work flow and software issues). Russ expressed his opposition and believes quarterly tax billing should be off the table. Joel sees it might make work problems for the Tax Collector, but he's not ready to rule it out just yet. Susette Remson pointed out quarterlies might also conflict with the lien process and year end. Ed says that he is not "overly enthused" with quarterly tax billing and that there are a lot of other financial matters to consider. He needs time to review the options and is not ready to narrow them at this time. Carter stated that we can't go forward without knowing what issues are off the table. Betsey said she wanted to undertake the conversion to move the Town Meeting and she's not hearing that. Joel said the big idea is we are spending money before it is approved and presented the problem that arises if we are 3 months into the year and people cut the budget by 10%. Jim agreed that this is a major issue and is not against bonding. Russ says he could support bonding, but wants to find some way to make sure those payments are not absorbed by another department after the bond is paid off. The TA asked if the last slide of the presentation would work as a decision list. It was agreed it would and it should go onto the 09/29 Board of Selectmen agenda for decisions.
- 2. Reserve Fund Analysis:** Betsey complimented Michael Branley on his original report. Michael walked through a decision worksheet where he hoped to get some direction as these changes will impact how he can move forward with trying to lay out how to build the funds over time.

Historical Society Fund: Mike recommends changing the name of the fund to the “Historical Building Fund” to avoid confusion with the Moultonborough Historical Society. Selectmen approve by consensus.

Police Department Communication Equipment Fund: Mike recommends changing the name of this fund to Police Department Equipment Fund with its purpose to be, “For the purchase of equipment for the MPD”. This change would allow the fund to be used for police cruisers. Russ wants to see the monies being expended go to Town Meeting in the budget. Carter pointed out that with this approach the SelectBoard are no longer the agent to expend and the Town Meeting is. Betsey suggested that we have a policy of a Public Hearing before the SelectBoard will expend and Russ says he is okay with that. Carter will look at how to write that in.

Highway Equipment Fund: Mike recommends that the name of this fund be changed to Public Works Equipment Fund with a purpose of, “For the purchase of public works equipment”. This would allow the fund to be used to purchase equipment for the whole department, not just Highway classified equipment. Selectmen agree with this shift by consensus.

Rangeway Fund: Mike recommends it be closed out and the \$36,000 in it be returned to the General Fund as it has not been used. If the Selectmen want to use money for this purpose they could put it in the annual budget. Ed has an issue with closing the fund because we need it to draw on it as needed. Betsey thinks we can do it through the budget rather than keeping the fund. Russ agrees with Betsey, that if we haven’t used it in 10 years it has outlived its usefulness. Joel disagrees and cited past examples of when it was used. Russ suggests we simply do not add any funds. Consensus was “Other” [retain for now and not fund].

Waste Management Facility: Mike recommends closing out this fund as its purposes are covered by other funds. Russ felt that the fund had a real purpose as did Joel. Betsey asked when the fund was last used. Mike will research and report back.

Dry Hydrant Fund: Mike recommends returning about \$27,000 to the General Fund and leaving \$7,500 in the fund. Mike states that over the last three years this has had roughly \$25,000 put in this fund and only \$3,000 expended from it. Considering that a dry hydrant costs about \$3,000, it seems as though \$35,000 in the fund is higher than the demonstrated need. Joel presented various potential projects that might be needed and the reasons for retaining it. He asked who owns the responsibility for the various cisterns at the subdivisions. Carter pointed out the need to be able to enforce collection of costs which is the critical piece. Selectmen do not accept this recommendation and Mike will research the cistern issue.

Appraisal Trust Fund: Mike recommends putting away \$23,000 each year to help pay for the lump sum in the final year of the Town’s reappraisal contract. Selectmen agree with this recommendation by consensus.

Discussion of Tier 1 formula: Mike stated that for Tier 1 funds, which are related to capital equipment, the Annual Required Contribution (ARC) is calculated by $ARC = \text{replacement cost} / \text{useful life}$. Russ questioned if these figures were put together working

with the department heads and Mike responded that that is where all of the replacement costs and life cycles came from. The Selectmen accepted this methodology by consensus. Joel questioned why the ARC for the DPW Fund is so much higher than the other Tier 1 funds. Mike referenced Appendix E from his report, where the DPW capital equipment is laid out, and stated that the higher ARC is based on the shorter life cycle for a lot of DPW's equipment. Even though the Fire Department has a higher overall capital replacement cost, DPW has far more turnover of equipment. Carter mentioned that he and Mike had met with Chief Bengston and the Road Agent and identified the opportunity to shift DPW pick-ups to the Fire Department when they are replaced. For a cost much lower than buying a new truck (\$15-\$25k depending on the use as opposed to \$55k new), these trucks can be refitted and refurbished to serve the more limited use they would see at the Fire Department. Peter Jensen questioned why the trucks could not just be repurposed and used for DPW. The answer was that at DPW they receive almost daily heavy use, whereas at Fire they would see lighter, seasonal, part-time duty.

Discussion of Tier 2 Formula: Mike stated that for Tier 2 funds, which are related to Town owned buildings, the ARC is based on discussions with the Town Assessor who identified that it is common practice to reserve 3% of each building's replacement cost annually. That figure is 5% for the Historical Building due to the higher anticipated repair costs. Russ stated that while some of the numbers are high it is important to understand that this is really what you need to save to make repairs and for potential future replacement. The Selectmen accepted this methodology by consensus.

3. **SAU/Town Recreation/Athletics Analysis:** Betsey stated that part of her feels we may not need to do such a "sea-change", but she is not sure how we can do less. Joel says it was an important exercise to do the study. Basically we need a coordinator between the School and the Town; however there is the issue of the person answering to two bosses. Russ stated that there are very different dynamics between the School and Town. Joel said in reality more coordination is what we know we've needed since day 1. He would like to find a way to do this. Betsey said both Recreation and Athletics have two very good Department Heads who have worked out differences over the years. She also said she never realized that fields need to be rested. She sees the proposed increased coordination of scheduling as a potential way to do this, but Mike's proposal is just a little too much change at once for her. Saving dollars is a good goal. Ed said he agrees with Betsey. A coordinator is a good possibility but as far as all their other changes he doesn't see the need to impact the programs. He thinks there are ways to work around the scheduling. Russ echoed Ed with the problem being facilities and a central management figure is not going to change that. Jim said he sees leaving it the way it is. Carter said small gradual change is good, but sometimes it isn't enough. This proposal would save dollars, improve the quality of the programs, and improve clarity as to who is in charge of what. Now is the best opportunity to try something new with the Athletic Director retiring. This proposal would pull the Town and School together. He suggested that the Selectmen are kidding themselves if they think the "turf issues" will go away with a new Athletic Director. Jean Beadle said the Selectmen should try to think globally; the school is going to hire someone if this does not happen and they need to think about what is best for Moultonborough as a whole. Ed Marudzinski stated that demographics show school population going down. Donna had a hand-out of concerns.

Carter said that due to how late it was, Mike's analysis of the after school programs will not be presented today however it will be distributed to the Selectmen for them to review as it addresses some of Donna's concerns that he had been aware of previously.

4. Update on Recreation Revolving Fund: Donna Kuethe, Jean Beadle and the TA are working on this. The initial fund did not conform to statute as it puts only a portion of the revenue into it. This has been confirmed with both Town and LGC Counsel. We are now working on which budget items would be withdrawn from here. It was pointed out that the Beach Permits could be retained in the general fund once we have this all laid out.
5. Study of the SAU grounds for the proposed Gym Facility: Ed said that we still haven't made a decision on Old 109, and there are other cost questions we are dealing with as well as the costs of staffing to deal with the new gym; it's time to kill it. Russ said if it's something we want to do we need the figures, but this is not the time to undertake such a project and Jim agrees. Betsey said that until we firmly figure out what we said to Town Meeting (on the soccer field) and what we are going to do we need to hold off on spending more money. Joel stated that it would give us an idea of whether or not this is ever feasible. The item was placed On Hold.

While other items remained they could not be dealt with easily and with the hour being 6:30 p.m., the TA suggested holding them until the next Workshop. Joel asked and the Board agreed to start the next work session at 3:00 p.m. instead of 4:00 p.m.

With there being no further business the Chair adjourned the meeting at 6:30 p.m.

Approved

Date
Respectfully Submitted
Carter Terenzini, Town Administrator