

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

**Selectmen's Budget Work Session, 8:30 AM**

**December 13, 2013**

**MINUTES**

Selectmen: Joel R. Mudgett, Chair, Jonathan W. Tolman, Edward J. Charest, Christopher P. Shipp, Russell C. Wakefield; Town Administrator, Carter Terenzini.

Adv. Budget Com.: Jean Beadle, Chair, Barbara Sheppard (left at 11:00 a.m.), Chris Shipp, Selectmen's Representative, Alan Ballard, Kathy Garry (both absent with prior notice).

I. **CALL TO ORDER:** Joel called the meeting to Order at 8:30 A.M.

II. **BUDGET & POLICY WORKSHOP**

1. **Miscellaneous:** Carter provided the Selectmen with up-to-date reports for expenses and revenue as of December 12<sup>th</sup>. He reported the status of the Recreation Revolving Fund is down \$13,000 as of the next accounting.
2. **CIPC:** Chair Richard Brown provided the Selectmen with the committee's report and its recommendations. He asked that the Selectmen view the trend chart and graph, stating that the 2015 capital expenses are a big concern, and they need to continue to build the Capital Reserve fund. He mentioned the future expense for the reclamation of the Old Landfill as a concern. The 2013 capital expenses are up 50%, and in 2015 another increase of 50% is expected. CIPC recommends the Selectmen meet with the departments (Fire, Police and DPW) and provide them with funding guidance. The Committee asked that the departments track the rolling stock, using the asset management. The CIPC looked at the vehicles and found the requests were appropriate. Mr. Brown thought that in the future they will have better data. The Committee doesn't recommend the purchase of the Taylor property. Mr. Brown stated that the Committee will be tougher looking at capital spending and looking for level expenditures. He added that the departments did a good job with their requests. He pointed out that the Fire Department's plan to consolidate vehicles needs discussion with the Selectmen and CIPC. In the future they plan on providing the Selectmen with a detailed vote. The Committee would like their summary to be included in the Town Report to help voters decide. Mr. Brown thought that the CIPC was getting better every year. Jean Beadle, ABC Chair stated that they haven't received a copy of the CIPC's report. Mr. Brown replied that in the future he will make sure members of the ABC receive copies in advance. Carter informed Mr. Brown that the results of the tests of the old landfill have been received, and although the Town will likely have to do another round of ground water tests, he doubted reclamation would be needed and it can be removed from the CIPC possible future expenses. Mr. Brown said that the 2015 requests are of concern. The Selectmen thanked Mr. Brown and the members of the CIPC for their work.
3. **Adele Taylor Appraisal:** Assessor Gary Karp provided the Selectmen with his memo regarding the appraisal request and copies of the bid proposals received from four companies last January. When the appraisal report came in from the successful bidder, McLean Associates, Gary told the Selectmen that Carter asked him to review it and check for content and methodology. He added that the appraisal is McLean's estimate. He

reviewed the current assessed value and the appraisal and found that they were within 5% of each other. While the methodology might have been short, the report came in as requested. They were asked to give the highest and best use of the property. If the property was to stay as residential, the costs to make the building functional, would include a new furnace and plumbing, gutting the inside, and likely repairs to the old foundation. As the property is zoned commercial, that would be its highest and best use, and likely without the building. Gary said he looked at properties in the village area and there aren't any other residential, other than Artie's. He told Carter that he thought the appraisal report was satisfactory. However, after the Selectmen's meeting on December 5<sup>th</sup>, and Russ' concerns, he reviewed it again. Gary provided the Selectmen with the definitions for USPAP, looking at the standards, adding that 1 and 2 apply. He noted Russ' concern over the cost (\$2,000) and said that when he was in the appraisal business during the 80's and 90's he was charging \$1,800 for commercial appraisals. Gary said the bottom line, in his estimate was that McLean's value was within 5% of the assessed value, and he felt it was correct. He thought there were a few minor issues, but it does comply with the USPAP standards, and overall it is complaint. Jon commented that he works with insurance adjustors all the time, and the estimates given are never the same, so he can understand the variance. Gary said that he agreed with Russ that some areas were lacking. Russ said that he questioned the comparables, which was only one property, and that the highest and best use was a vacant lot. He added that the owners of the property had received higher offers for residential use. He didn't think that the value of the property should be adjusted negatively to demolish the building. Joel said that the value was an opinion, and in reality, and acting for the Selectmen, he has agreed on a selling price. It will be up to the voters to decide at Town Meeting. Russ felt that the appraisal received won't provide the voters with a clear picture. Joel said he thought the check should be released. Carter said that based on Gary's opinion, the appraisal conforms to the agreement. However, Russ feels the value is more. The Selectmen agreed by Consensus to release the check.

4. Red Hill Fire Tower: John Schlemmer provided the Selectmen with a report for the tower's activities for the past year. Five towns are paying to operate the tower with a \$10,000 budget per season. The tower was manned 37 days, with the first fire reported on Sheridan Road, and the next a third alarm in Laconia. He said that manning the tower still has value. Mr. Schlemmer acknowledged the argument that with cell phones, this has reduced the need, however, he thought the tower defined the fire's location. They do carry medical supplies for the many visitors they receive, which can run from band-aids to sprains, etc. They are open from 10 am to 5 pm, and this year the tower was open until November 29<sup>th</sup>. Mr. Schlemmer stated that the tower is operated through a Board of Directors, which meets once a year. The cost for Moultonborough for the upcoming year was reduced to \$3,100. The tower has been rewired, now has solar power, and they have reprogrammed the radios, all with free labor by the wardens. They would like to get heat into the tower, as it gets cold up there. He added that they want Moultonborough to be involved. Chris said that it used to be staffed by the state. Mr. Schlemmer confirmed this, stating that it was shut down 25 years ago and Moultonborough then picked up the coverage. Chris said that for 37 days, it cost \$270/day, for only 3 reports of fire. Chris asked if the Town needs the tower for coverage. Jon commented that the tower has a history, and while the actual cost is low, he sees Chris' point about the per day cost. Mr. Schlemmer said that it is important to man the tower as hikers often get lost or hurt. He added that this year they have a surplus of funds, and can use that reserve if needed. CIPC Chair, Richard Brown thought that instead of looking at just the 2013 statistics,

they should be looking at the statistics for a longer term. Joel commented that the Town found that having a full time staff person manning the tower was not financially viable. He agreed that the per day cost was high, but it is good to have someone up there. Carter reminded the Selectmen that the Town's share is supposed to be 25% of the cost and not to exceed \$5,000. Jean Beadle thought that the per day cost negates the need. ABC member Alan Ballard felt you could justify the cost as a public service and the fire reporting is secondary. He thought the Town should continue its funding. Peter Jensen commented that Moultonborough is a tourist town, and if added in the "Hearts and Flowers" section on the warrant that it would pass easily. Joel thought the expense should remain within the budget. Mr. Brown asked if it was staffed by only EMT's and learned that it wasn't but all are trained in first aid. Mr. Schlemmer said that they would like to obtain an AED for heart attack victims. Mr. Brown told the Selectmen that he was in support of the funding. Joel asked about the workers compensation insurance. Mr. Schlemmer said that two staff are covered by Center Harbor and the rest through Lakes Region Conservation Trust. Joel said that if anyone from the Town's Fire Department works up there, he asked that the Chief confirm in writing that they are covered under their worker's compensation and the Selectmen should be notified. Chris raised questions about being covered and discussion occurred about the worker's compensation. It was agreed that we should check with Primex to see if they would cover a Town employee working at the tower. The Selectmen agreed by Consensus to the 2014 funding of the Red Hill Fire Tower. Jon added that communication is important and Mr. Schlemmer said that they will provide the Town with a year-end report.

5. Follow-up Information: Carter told the Selectmen that in response to questions from December 6<sup>th</sup>, the balance stipend pool is split up over 5 years, \$6,000 to \$18,000. As to the question on incidents, 8.5% of the incidents happened simultaneously.

Budget: Outstanding 2% COLA to grade and step is covered in the budget. Carter said he recommends 2% and this will get staff to the recommended 10% per the Thornton study. Agreed by Consensus. Joel said it is important that Department Heads keep part-time staff within their hours due to "Obamacare". If the hours go above, then IRS will consider them as full time. Alan asked about the number of volunteers. Joel and Chris both replied that there were anywhere from 30 to 34. The problem adds to the overall number. Volunteers must be under 30 hours. More with DPW seasonal, and the Police Department's dispatchers. Carter reported that the Town Clerk has asked for \$3,250 for the special January election, which had originally been at \$6,000. The contingency was increased by \$30,000 for the village lanes, and the employees' dinner resolution from that. Carter added that Paul Punturieri, Bruce Woodruff and Carter met, and it was decided that the Planning Board should propose the village process first, likely to occur in early January. He added that he will work on the timeline, and will need some funding.

Carter asked where he should add the \$3,100 for the Red Hill Tower. Joel thought it should be added to contingency. Chris and Russ thought it should be added to the Public Safety. Carter thought that if a Town Fireman goes to the tower and is being paid by a non-profit organization, then the Town needs a letter from Primex to insure coverage. Carter added that the \$3,100 is more than pledged. Joel said it was OK to fund it, but no MFD staff should be sent to cover it. Carter said that a memo to the Chief should be sent and posted at the PSB, stating that no Moultonborough Fire Department personnel are to staff the tower, and if they are taking pay, then they need to let the Selectmen know.

Russ felt that the cost should be under the Fire Department. Chris asked that Primex be notified first. Agreed by Consensus to add the \$3,100 to Town Officers.

Joel asked the Selectmen to look at page 20 in the budget book, as he thought that the Selectmen's pay should be cut to a flat rate of \$4,000 which would eliminate the need to report hours, etc. Chris and Jon thought that the Chair, who has more responsibilities, should be paid \$4,500. The Selectmen agreed by Consensus, that the Selectmen's compensation would be a flat rate of \$4,000 and the Chair's, \$4,500. From the operating budget, Joel asked about the doors at the PSB going into the day room. Carter said he told Scott to go ahead and get it done.

Carter reported that the health care law, starting January 1, 2014, mandates health insurance for full time employees working 30 hours per week. He said he made a mistake interpreting the law regarding the look back period. He originally thought this was just to determine applicability of the law. However, anyone who met the test in 2013 was eligible for 2014. The date has been moved back now to January 1, 2015. He thought that they were OK with the part-time staff in DPW, with an average of 1,500 per year, and staying under 28 hours. He is concerned about the dispatchers. He asked what the Selectmen wanted to do: Cut the hours as of January 1, 2014, or make the cut next year, or wait to make a decision until the middle of the year, to see how it is going. Carter said that the third option would be his recommendation. Employees cannot sign a one time waiver that they don't want insurance, but will have to do this yearly. He added that two staff are covered under the retirement system. His concern is about new staff. Chief Wetherbee will keep the hours within 28 hours. Joel asked how many hours for those under the retirement system and learned 32, not averaged, but actual hours. It is up to the Town to report this. It was agreed by Consensus to review this at mid-year. Joel said they must watch the hours of those under the retirement system. Carter said that the Police Union is under new leadership and hopes communication will improve.

2014 Town Warrant: Carter provided the Selectmen with a revised copy with a couple of additions made. He asked the Selectmen if they had any questions or ideas to get back to him.

Article 2: The wording is to "receive" and not accept or endorse. Russ agreed, saying the 2013 article approved was not to build but to study. Chris questioned the use of received and thought that they were asked to do the work. Russ replied that he thought it was to just do the study. Carter added that receive is different than endorse. Jean said it was up to the petitioners and if they want to proceed, then there needs to be a new warrant article this year to start or the next. Jon read the 2013 warrant article, "...to present plan for their consideration..." Jon thought the word receive is acceptable. Carter said that he talked with the petitioners and they are comfortable with the wording. He thought that if the Selectmen want to proceed, then it would need to be on the warrant. Carter suggested using receive and consider. He asked the Selectmen to think it over and get back to him. Russ thought that the Town needs to consider the report. Carter said it is the Selectmen's report and they can add a memo and recommendation to it. Peter Jensen said that the Town should receive the report first. If the Selectmen implement then the Town hasn't had the opportunity to consider it. Alan said he understood what Chris was saying, but this would then by-pass the Planning Board and CIPC. He thought it was reasonable to receive. Russ liked receive and consider.

Article 3: A revolving fund for the Police and Fire Departments' off duty details, which the statutes will allow. It is hard to budget for off-duty details. Carter said that this revolving fund can't be used for general expenses. It would start for the Fire Department on April 1, 2014 and the Police starting on January 1, 2015. Carter said it would reduce the budget and revenue. If the Selectmen choose to not go this route, then they need to add \$6,750 in the Fire Department's budget. Joel thought it was a good idea. Russ asked if staff would get paid even if the Town hadn't been paid yet. Carter confirmed that was correct, adding that in the beginning it will show a negative balance. Funds received for the off-duty cruiser detail would not go to the Revolving Fund. DRA must give their approval. The Selectmen and members of the ABC all agreed, and it will be a good tracking tool.

Article 4: This fixes the flaw regarding tax deeding.

Article 5: This fixes the flaw in accepting property.

Article 6: Re the Adele Taylor property, \$241,000 acquisition price, \$4,000 legal and \$10,000 asbestos abatement (not siding), and \$20,000 to stabilize and hold the property for a total of \$275,000. Joel asked that it be itemized on the warrant.

Article 7: Carter said he'd have a finalization in January.

Article 8: Carter said this puts the liability on the balance sheet. If the Selectmen decide no, then they must add \$14,500 to the capital budget within the 5% cap. Joel said it was foolish to put the money in the account if it isn't being used. He asked how much can be held. Carter said it is from an old GASB rule, and it is a reserve account. Jean agreed that for towns that don't have a lucrative fund balance, then it needs to be set aside. That isn't the case for Moultonborough, and she felt it wasn't needed. Agreed by Consensus.

Article 9: Now it is reported \$800,000 total from the tax levy and an amount from the SAR. He recommended making it a single expense account, as there would be no bottom line difference. Approved by Consensus.

Article 10: Account expenses, Carter said that turnout gear needs to be replenished every 5 years or so. With a new recruit, then a whole new set is needed. Joel remarked that one year they had to replace all of it and it was expensive. The cruiser, DPW trucks, Pathway, and Blue Ribbon Commission's study, \$220,000 from the reserve account. Joel said he's heard criticism of the requested lift truck. Jean thought that the gym study should come out of the Recreation Revolving Fund and should have a separate warrant article. Jon and Alan agreed it should be separate. Russ said that it was a study for a facility that the Town now doesn't have. Alan thought it related directly to Recreation. Russ said it was the same as the sidewalk study, and should be set up separately. Joel said if voters are willing to reach into their pockets for this, then it is clear they want it. Chris asked why it is bundled in the capital items. Carter replied that it is done to condense, but he was OK with it being separated. Jon agreed that the others are hard assets. It was agreed by Consensus to place the question into a separate warrant article.

Article 11: Continue to reserve funds. The Police Chief ARC Police Communication Fund has decreased, while the Municipal Building fund is up \$30,000. Carter informed the Selectmen that the School Board was invited to their January 9<sup>th</sup> meeting. Approved by Consensus.

Article 12: The Milfoil Committee's request is back to \$200,000. The dry hydrant will be revisited. Carter asked if the Selectmen want Bruce and Chief Bengtson to meet and come back to them in January. Joel expressed concern that they are asking subdivisions to have cisterns, but it isn't spelled out whose liability it is to repair them. Carter said he would draft such an article. Approved by Consensus.

Article 13: States Landing, requesting \$25,000. He asked the Selectmen how they want to proceed, suggesting that it would be best to do borings first to see if there is sand or just muck before going on with the rest (\$3,500 +/-). Also, \$5,000 to Doug to put budget numbers to the concept plan. Funding should be from the Recreation Revolving Fund, as it is a modest one-time expense. The Castle Shore Road Realignment fund could also come from the road budget. It was agreed by Consensus to start with the dredging exploration and Doug's work and the funding to come from the Recreation Revolving Fund. Joel thought dredging exploration should come first. Russ asked the cost and Carter replied \$3,500 approximately. Carter thought they would need about 6 samples. Regarding the overflow parking, he thought that he and one of the Selectmen could approach POASSI's Board to discuss and get a reading from them about their willingness. On the Castle Shore Realignment fund, Carter gave 2 options: \$90,000 +/- with the first survey work being approximately \$5,000. Joel thought they should leave the number at \$25,000 and do the survey. Carter said a letter would be sent to property owners (January 2014) in that area about what is under consideration by the Selectmen. It was the Consensus to leave the article at \$25,000 from the fund balance and expand the question in the article describing the proposed activities. Carter said he'd have the warrant article in January and set up a meeting with property owners in February. Carter asked and was given authority to send a letter to the POASI Board of Directors asking them to consider trading lots. Alan asked how they will deal with the silt run off from Shannon Brook. Joel thought they would have to build a jetty to direct it, and DES won't give a permit to dredge without it. Carter commented that depending on who you talk to, some remember a sandy bottom at States Landing Beach, while others will tell you it has always been mucky.

Joel called for a recess at 11:02 a.m. The Selectmen reconvened at 11:10 a.m.

Article 14: OK

Article 15: Changed to reflect earlier changes

Article 16 & 17: Citizen Petitions. Public Hearings will be held the first Thursday in February. The Selectmen will then vote and give their recommendations.

Article 18: Citizen Petition to amend the Noise Ordinance. Carter said that the statute gives the legislative body to adopt ordinances or the Selectmen. He had Town Counsel review, and he thought it may apply to the legislative body as well. He told the Selectmen to keep an eye on this as there may be further development

6. Ethics Ordinance: Carter said that he thought Larry Berg did a good presentation on this, but in his research he found it can't cover apparent conflicts of interest or be adopted by the Selectmen, only the legislative body. He asked if the Selectmen want this on the warrant. Joel thought so and asked to get any questions to Carter by the end of next week.
7. Meeting Schedule: Carter asked and the Selectmen confirmed to drop the manifest/signature file meeting as of the first of the New Year. He asked about the 5<sup>th</sup> Thursday meeting and the Selectmen agreed that it wasn't necessary. It was agreed that the Selectmen's meetings would be held on the first and third Thursday, with a work session on the fourth Thursday.
8. Grade/Step and Pay for Performance: Carter presented three possibilities. 1) Continue as we are now, asking yes or no to increase the grade and step. 2) Based on performance, assign a number to it (1 needs improvement, 2 average, 3 above average, 4 outstanding) add the numbers and average it out, and the increase or raise is based on the averaged

number. 3) Variable pay for performance, relies on a curve to distribute raises, which is hard to do with small department. We would need at least 3 groups and would require a very different evaluation tool. This is the most complicated, but can be done. Russ said he thought the #3 Variable wasn't an option and shouldn't be considered. Chris agreed. The consensus was to drop the use of a curve. Russ added that if the overall is average, then that performance doesn't deserve a raise. Chris said that the evaluation tool they have now is OK, but isn't being used properly by the Dept. Heads. He thought they should stay with the current process, but improve the Department Heads understanding and completion of the tool. Jon thought that the look back period for steps is too long (2 years). Carter said that they can keep the grade and step process and use the numeric score system. Chris thought they should split the 2 year grade and step and give it yearly. Carter said it was important that all departments do the same thing. Discussion occurred of Department Heads following the present evaluation tool. Carter asked for confirmation of the steps, but pay for performance is of interest and the Board's desire that he continue working in that direction. The Selectmen agreed that this was the way they wanted to go. Peter Jensen thought that to effectively change the current system, start first with the Department Heads, and then proceed with the employees. There was discussion about employee participation and philosophies. Jean suggested giving the evaluation tool to both employee and manager to complete and then have the two sit down and discuss the outcome. Carter asked again for confirmation to revise the present performance tool to work with steps, but to accommodate the pay for performance for the future and the Selectmen agreed by Consensus 5-0. Mr. Jensen thought that the performance tool will work at every level as long as it is measureable and can be tracked regularly.

9. The Communication Technology Fund: Carter reported that our Town is being considered by UNH for grant funding. He doesn't believe that Moultonborough will be funded, as our readiness is seen in the middle. The Town's website doesn't have a focus on any properties for economic development. Carter reminded the Selectmen that they decided that they didn't want to use the website for that purpose. Carter asked the Selectmen which direction they wanted to go: Cable alone, or any signal to deliver broadband was the approach they wanted to follow. The Selectmen agreed that any signal (which would include cable) to deliver broadband. Jon said that this would provide the potential to increase the economic development, allowing people to run their business out of their home. Approved by Consensus, 5-0.
10. Russ said that he was having a problem with the reduction in force concept, the ability to bump another staff because their grade was higher. He felt that just because an employee has worked longer, shouldn't allow them to bump someone whose work performance may be outstanding. There was no consensus to revisit the personnel manual on this matter.

**VI. ADJOURNMENT:** There being no further business the Chair adjourned at 12:15 p.m.

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Approved

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Respectfully Submitted  
Hope K. Kokas

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Date