

BUDGET COMMITTEE
PUBLIC MEETING MINUTES
September 30th, 2008

A budget meeting was called to order by the Chairman, Cecile Chase at 7:02 PM in the New Durham Town Hall located off Main Street.

Mrs. Chase confirmed that a quorum was present in order to transact business decisions.

Present:

Cecile Chase, Chairman
David Curry, Deputy Chair
Dean Stimpson
Peter C. Rhoades, Selectmen's Representative

Absent with apologies

Lois Parker
Ann Brady

Emergency Appropriation Request RSA 32:11 ~ Marchs Pond Dam Reconstruction

An extraordinary emergency meeting had been called for the Budget Committee to consider a request to the Department of Revenue Administration (DRA) for an additional \$180,000 over the town meeting appropriation for the reconstruction of Marchs Pond Dam.

The Budget Committee reviewed the letter and accompanying back up materials to be sent (see attachments to minutes) to Commissioner Robinson. The Committee asked for a brief overview of project to date and Town Administrator explained the problems that the town had been experiencing within the private insurance world for contractor insurances due to the high hazard designation of Marchs Pond Dam, and the final approval process by the Department of Environmental Services Dam Bureau following town meeting which also added extra dollars to the final expected construction costs.

Selectman Rhoades advised of the meeting on September 25th, 2008 with the proposed contractor, Adam Towne of DBU Construction, and the town's engineer, William Straub. He advised that our engineer had verified the additional costs, and that the Dam Bureau had also added new work. In order to secure the contractor, it would also be necessary for the town to cover the additional insurance costs and costs associated with the setting up of a limited liability company. Without this support, the contractor was not prepared to carry the burden of rising insurance costs for the seven year look out period required following completion of construction, nor is the town by statute able to indemnify the contractor. Mr. Rhoades summed up that in consideration of the additional cost burdens, the final conclusion by the board and the engineer was that the project, as costed by DBU Construction, was still \$80,000 less than the next low bid.

Mr. Rhoades expressed the very real fears that a re-bidding of the project next spring would spike yet more costs and given the vagaries of the Insurance Market and the fact that the construction world was now on notice of the high insurances involved in a high

hazard dam, this would probably result in a million dollar project. Mrs. Whittaker confirmed that at this time the actual construction costs, without engineering and insurances, amounted to \$610,000.

Mr. Curry expressed his dismay that the Dam Bureau with new regulations, could be allowed to designate a previously defined low hazard dam to a high hazard, and felt some recourse should come in this direction. It was explained that town counsel had been highly visible in this area, which had caused 4 weeks delay, but the Bureau simply would not waive their definitions due to the potential loss of life projected for two properties downstream albeit that the expected flood level was approximately 1 foot of water.

Mr. Stimpson concurred with the frustration but supported the premise that without action now to begin construction, the project would in all probability be more costly in the future.

It was also noted that in the interim the town still continued to lose property taxes to the value of over \$100,000, which would be compounded annually until the Dam was rebuilt.

Mr. Stimpson confirmed for the record that the source of revenue in which to support the \$180,000 additional costs would come from the town's confirmed 2007 audit report undesignated fund balance of \$778,000.

There being no further discussion;

Motion Stimpson to approve the \$180,000 emergency appropriation request to DRA for reconstruction of the Marchs Pond Dam, and that said funds be withdrawn from the town's undesignated fund balance, second Curry, vote 4 - 0.

Following the unanimous vote, the committee signed the enclosed letter.

Motion Curry, second Stimpson, to adjourn, vote 4 - 0.

The meeting adjourned at 7:40 PM.

Respectfully submitted,
April Whittaker, Town Administrator & Recorder.