



TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
SELECT BOARD
APPROVED MINUTES

REGULAR MEETING – NOVEMBER 28, 2011 –7PM
TOWN HALL

These minutes were prepared as a reasonable summary of the essential content of this meeting, not as a transcription

1. Call to order

Chair Maggiore called the meeting to order at 7:00 PM. Those in attendance were Selectman Wilson, Selectman Miller and Town Administrator Fournier.

Chair Maggiore led the Pledge of Allegiance.

2. Approval of Minutes of Previous Meetings

3.1 Regular Meeting Minutes of November 14, 2011

Motion by Selectman Miller to accept the minutes as emended by Selectman Wilson. Seconded by Selectman Wilson. Motion carries 3-0.

3. Consent Calendar

Motion by Selectman Wilson to approve the Consent Calendar as presented. Seconded by Selectman Miller for discussion. Selectman Miller asked for clarification on land classified as “unproductive.” Motion carries 3-0.

4. Communications to the Select Board

4.1 Letter from James M. Queenan, Executive Secretary/Director, New Hampshire Board of Pharmacy

Chair Maggiore stated that the Select Board was in receipt of a letter from James M. Queenan, Executive Secretary/Director of the New Hampshire Board of Pharmacy and asked Town Administrator Fournier to read it into the record. A copy of the aforementioned letter is attached to these minutes.

Chair Maggiore explained that this letter is in reference to a letter that the Select Board sent to Mr. Queenan regarding the prescription drug disposal program.

Selectman Miller stated that if he were the head of the pharmacy board, and this particular bill had been passed in July, which it was, he would have had something done a lot faster than this. He further stated that it is too bad that with the epidemic in our State, and in the United States, that it takes a small town like ours to wake somebody up to do something.

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5. Report of the Town Administrator

Town Administrator Fournier stated that guaranteed maximum rate increases were received from Primex for the town's property liability and worker's compensation insurance. He further stated that there would be a \$139 increase in the worker's compensation insurance and a \$3,740 increase in the property liability insurance due to new vehicles added with higher values.

A Select Board workshop is scheduled for December 5, 2011 at 5:30 PM in the Executive Conference Room in the Town Office, to review a number of ordinances and policies. He further stated that a schedule would be forthcoming regarding budget discussions with each department.

Testing is being done on the town website regarding building permits and the ability to subscribe and have the updated permits emailed directly to those that sign up.

6. New Business

6.1 Little River Update – Chief Dennis Cote

Chief Cote stated that the latest test results received on November 21, 2011 continued to maintain low-level counts of Enterococci Bacteria. Dry weather has contributed to the low-level counts. He further stated that no defined source of raw sewage from intentional dumping or a broken pipe seem to be the issue.

Chief Cote stated that he met with officials from the Shel-Al Mobile Home Park and discussed with them what they have done so far to mitigate the issues at the mobile home park, as well as corrective measures they will be taking. He further stated that they have pumped all of their storage tanks.

Chief Cote stated that he has walked both leach fields at Shel-Al twice since the last test sampling, and both fields are clear as far as running water off the sides or ends; fields have been cut to allow for evaporation and they are not being choked by phragmites that are in one area, and the cat-o-nine tails have been cut back to help dissipate some of the ground water.

Chris Ganotis stated that he asked the consultants for some "general kinds of findings" based on what he has learned so far doing testing in order to get a feel for where things are. He further stated that the consultant pointed out that the test results were consistently high throughout the watershed in wet conditions, and basically is seeing contamination all the way up and down the river and not in isolated locations.

Mr. Ganotis stated that the final set of tests for Phase II would be completed on Wednesday, November 30, 2011, and subsequent to doing the tests; both the consultants and the DES representative, Rob Livingston, will do further review. The consultants will ask Mr. Livingston to give his opinions on what the numbers tell him based on his vast experience. Before any substantive conclusions can be given, a geometric mean of the data is conducted.

Mr. Ganotis asked the consultant based on their experience what kind of percentages of septic failures might be expected in a particular region, as a percent of total septic systems there. The consultant indicated that from previous experience and previous reports that were done in 2009 and 2010 on the Little River, that a malfunction rate is something on the order of 25%. What this means is that it is not a widespread problem with septic failures, but rather a hand full of isolated cases that need to be found.

Mr. Ganotis stated that it is fair to say that the jury is still out. Significant progress has been made, but there is still a lot of work to do. He further suggested that there ought to be some type of budget so that the Health Officer can conduct routine tests, or tests in case of questions about water issues or septic failures.

Selectman Wilson stated that he felt that until there is some conclusion about what is causing the problem, the budget should not simply be for the Chief to go out to do random sampling, he would suggest talking about

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whether or not it would be prudent for the town to have a continuing testing program like the current one which would mean doing it with a consultant.

Selectman Wilson stated that the Winnicut River is also under a “watchful study” in North Hampton as well as a coalition of towns.

6.2 Fund Balance Policy

Chair Maggiore stated that the tax bills have gone out, and that every year the Select Board sits down to have a meeting to “set the tax rate.” The town does not actually set the rate; the state does. He further stated that the Select Board has the right to use money from the undesignated fund balance to offset a tax rate increase.

Chair Maggiore stated that the Select Board is considering a very weighty matter, which is to consider how the fund balance money is used.

Town Administrator Fournier stated that he wanted to clarify that this money is not “cash on hand.” The undesignated fund balance is an accounting term that is used. He further explained the differences between the GAAP (Generally Accepted Accounting Principles) number used and the number used by the Department of Revenue Administration.

Selectman Miller stated that the major financial decisions that affect the tax rate now, were made at the last election, and that this is not something that just happened yesterday or a few weeks ago. He further stated that when the Select Board met to review the tax rate, they agreed not to use any of the undesignated fund balance, as the money in that fund is pretty much “at the bottom,” and the Select Board cannot use anymore.

Selectman Wilson stated that he had received some communications regarding this issue, and one of them stated that the problem with an increasing tax rate is because of an increase in expenditures. He further stated that the decisions affecting the expenditures for this fiscal year were made in May, and the only choice the Select Board had would be to apply some portion of the undesignated fund balance against the tax rate, which is what had been done for a series of five years running.

Selectman Wilson stated that five years ago, there was \$2.5 million in the undesignated fund balance, which was done with the DRA rules, not the GAAP rules. This year due to the change in auditors using the GAAP numbers, the fund balance is \$250,000 to \$300,000 less than what it is according to the DRA, which is one of the reasons the Select Board felt it would not be wise to take money out of the undesignated fund balance again this year.

Selectman Wilson stated that what the Select Board is trying to do with the Fund Balance Policy is to articulate when they would suggest the Select Board should use part of the undesignated fund balance, when there is a similar circumstance as this year and when they are somewhere between the minimum range that is recommended to have in the undesignated fund balance, and the maximum or a target range. He further stated that he believed that since the balance is on the low end of what is the recommended range, the Select Board acted prudently in the sense that it is not wise to take money out of it under those circumstances unless you have to.

Selectman Wilson stated that he felt it is important for the residents to know that the current Select Board has not done something, nor has the prior Select Board to increase expenditures so much that suddenly the tax rate jumps \$1.13; it is simply the consequence of cumulative actions by prior Select Boards and by the legislative body.

Town Administrator Fournier explained his recommendations on a Fund Balance Policy. He stated that the New Hampshire Department of Revenue Administration (DRA) and the Government Finance Officers Association (GFOA) has recommended levels that a municipality should keep in its fund balance. The DRA recommends that the town keep between 5% and 10% of the total town and school appropriations and the town’s commitment to the county. GFOA recommends between 8% and 17% of the same figure. This policy

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would state that the town should have a fund balance of no less than 5% of this figure, but have a goal of 8%. The ultimate goal to reach would be to estimate conservatively revenues and refrain from using the fund balance to lower the tax rate. If the town has a level lower than 8%, then the Select Board may budget a line item in the annual operation budget until the fund is over 8%.

Town Administrator Fournier stated that this policy would require the budgeting of the use of the fund balance at the beginning of the budget process, so there would be no surprise at the tax rate setting. The policy also recommends that excess fund balance be used for one time capital items or contributions to capital reserve funds over using it for tax reductions.

Chair Maggiore asked that if the school had a surplus within their budget, that they could return those monies to the town to offset the tax rate, or could those monies go into the general fund to be used at the town's purview.

Town Administrator Fournier stated that if there is a difference between what was expended and what was appropriated from the school's side, there wouldn't be the need to raise a significant amount through taxation in the following year, so those funds could be turned back to help offset the tax rate in the following year. He further stated that his understanding is that the schools have a provision that they are allowed to take those funds and put them into various capital reserve funds so that they can do one-time projects.

Chair Maggiore stated that he also wanted to make it clear that if there was a onetime expenditure, that was not catastrophic, that a warrant must go before the voters, and if it is stipulated that this money would be taken from the undesignated fund balance that, too must go on the town warrant to be voted on by the legislative body.

Selectman Miller stated that when this issue comes around next year, the Select Board now know the contributions to the fund balance are decreasing a lot, so it is highly likely that this problem will be existing next year. He further stated that in a town, that has a stable tax rate, it is a better place to be even if it stays at \$16; at least it is predictable.

Town Administrator Fournier stated that the use of fund balance over the past several years has been peaks and valleys, which is not unusual for towns to do.

Selectman Miller stated that adopting the fund balance policy is a good thing, because predictability is stability, and stability has a lot to do with property values.

Selectman Wilson stated that the circumstances that got the Town of North Hampton to have a \$2.5 million dollar fund balance five years ago, were in simple terms, over some period of time the amount that had been budgeted was significantly more than what was expended, and so at the end of every fiscal year, some amount of money went into that undesignated fund balance, and whatever it was used for, less was being taken out of every year than was coming in so that fund balance went up to \$2.5 million.

Selectman Wilson stated that one of the circumstances that has changed over the past few years is that the Town of North Hampton has gotten much more responsible with budgeting, and this has much to do with the work of the Budget Committee, and the Town Administrator and more financial expertise in the town office. Budgets are much tighter and it is less likely there will be any surplus at all. He further stated that personally he felt that every year the town should come in under budget, not over budget. Because of the tighter policies, it is unlikely that the fund balance is going to grow without planning.

Selectman Wilson stated that over the past several years the town has voted to establish various capital reserve funds such as for the ambulance, fire truck and police special details. He further stated that these are good to have because when something has to be replaced, such as an ambulance, there are funds there so that it is not necessary to go to the legislative body for an appropriation of funds from taxation. Before these funds were created, you needed to have more of an undesignated fund balance in order to replace the items without affecting the tax rate in a given year.

Selectman Wilson stated that the proposed fund balance policy gives the Select Board statements and policies which establishes a minimum fund balance standard, a target standard and beyond that if the Select Board

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cannot anticipate every year spending less than the budget you need to have a method to replenish in the case of a shortfall where you aren't meeting your minimum target.

Selectman Wilson stated that the Select Board should draft the fund balance policy and put it on the ballot as a warrant article so that the town's people can have say their say rather than having it adopted by the Select Board, as no Select Board can encumber the next Select Board.

The Select Board agreed to have Town Administrator Fournier and Finance Director Doug Smith "tweak" the policy a bit more and have it ready to discuss at a workshop that the Select Board is holding on December 5, 2011 and to decide whether this would be considered a policy or an ordinance.

7. Closing Comments

7.1. Closing Comments by Visitors

Laurel Pohl, 100 North Road stated that she is happy to hear that the Select Board is planning and trying to get ahead of the issue and she commended the Select Board for making a very brave decision to not use the fund balance to artificially lower the tax rate.

Ms. Pohl stated that she would prefer to have the CIP Committee involved in what monies are spent from the undesignated fund balance on the warrant articles.

Chair Maggiore agreed with Ms. Pohl in that the CIP process is an integral part, and there needs to be some involvement with the CIP Committee to even understand what some of the items are.

Selectman Wilson stated that he felt that the CIP Committee should be taken seriously when they come before the Select Board with recommendations and it is the responsible thing to do.

Selectman Miller stated to Ms. Pohl that the point of what the Select Board is looking at is simply improving governance of the town, and in his opinion, the governance of the town in the past ten years has improved markedly through the participation of more and more people in government and making it far more transparent.

7.2. Closing Comments by Select Board Member

Selectman Miller stated that he had an opportunity to attend an Open House at Runnymede Farm and stated what an asset the 12 acres of open space is to the town. He further stated that the owner, Mr. Alan Perkins, has put a lot of money into the farm and that the historic barn is being renovated on the outside.

8. Adjournment

Chair Maggiore adjourned the meeting at 9:00 PM.

Respectfully submitted,

Janet L. Facella
Administrative Assistant

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