



Selectmen's Meeting

Town Office

Wednesday, January 9, 2013

Present: Jed Brummer, Chair; Roberta Oeser, Selectman; Samuel Seppala, Selectman; Carlotta Lilback Pini, Town Administrator; Linda Stonehill, Administrative Assistant

APPROVED MINUTES

6:00pm Call to Order / Pledge of Allegiance

CITIZEN'S FORUM

The Crime Watch group will hold a potluck supper at the Christian Outreach Church at 6:30pm next Thursday.

Nancy Rivers asked if she could put a collection box at the Town Office to collect box tops and labels for education. Selectmen are okay with it if near the windows upstairs and downstairs. It will be a public benefit so long as it's been for our school.

We just had Senator Peggy Gilmore here to introduce herself as new state senator, newly reconfigured district – offered to come back with Susan Emerson and John Hunt to hear what the biggest concerns are. Jed: the Board of Selectmen and BAC putting forward a warrant to change the fiscal year to July 1st –the states are passing down costs to the towns. Some of the towns are having a hard time funding the infrastructure, and our real estate could ultimately deteriorate. So it is an important issue on how we fund that and education which is the biggest ticket. Susan: I've had conversations re: Medicaid. Only three states opted out of the federal program; NH's one of them. It will be downshifted to the towns if we opt in. Susan: I've got tomorrow and all next week to see what we can do to fix Medicaid. They will be penalizing businesses that have less than 50 people.

GENERAL BUSINESS

MOTION: Roberta motioned to approve the Payroll and Accounts Payable manifests, Sam seconded, and all were in favor.

Jed: This is our public hearing for the 2013-2014 budget. As you know, the last couple of years, the budget committee and selectmen have looked into changing our fiscal year. Doing so requires an 18-month budget by statute. When we introduced the article last year, and 60% people voted ~~for~~ in the affirmative, there was one aspect that the selectmen didn't know. We thought at that time we had to introduce this a year in advance to let people know our intentions. But in doing that, it triggered that we have to present an 18-month budget. We thought that if we didn't go for it, we'd go back to a 12-month budget and we've since been informed that no, we can't do that

unless we went through all this rigamarole. We thought it would be prudent for the town to change our fiscal year because we don't know what's going to happen with the state and school budget plus there's a huge push at the end of the year to wrap everything up. The budget committee can't do their work they don't have enough time because we haven't finished the fiscal year; it ends in December. I don't know any town to my knowledge that has gone back. Unfortunately, the only way to do it is to fund a year and a half budget. It's been the judgment of the selectmen to do a bond to make it easier on the taxpayers. On a \$200,000 home it would be about \$80/year each of five years. We think it's prudently the best way to run a town in New Hampshire. Given even that, a reasonable tax impact, we are going to present a budget that's going to be flat for the 18 months. It means some sacrifices in some departments and we're going to try to maintain the services as best we can but it's going to be tight.

Sam: my understanding at the time we looked into this, it made a lot of sense to me to not spend money when you're not sure how much you'll have. So I was very much in favor of going to a June 30th year and get us in synch as much as possible with the state and school budget. Jed: We were just informed by the auditor that because of the way the warrant article was written, it wasn't illegal—it was fine, but just by having the warrant article it triggered an RSA that we didn't have any choice.

Audience: could you go six months and then 12? Roberta: you just can't because we wouldn't have another election. The 6-month would become the default until the next election. To my way of thinking, if the actual cost is \$80/year on a \$200,000 I think most people would think it's worth it to know where you're going. I wish we could have presented that with the warrant article, but we didn't know what the cost would be when we presented the article—Jed: and we didn't know whether we'd finance this in four payments, etc. John Kauer: having listened to all the presentations, the main reason we went to the 18-month budget, our state appropriation we still have a March vote date. In my opinion we didn't need to switch the fiscal year, and we could have reacted to a March appropriation change if we switched to a May meeting. Roberta: you can't switch to May vote unless you're on a fiscal year. You can't do it simultaneously. John: the major reason we switched was to react to the state when they changed their appropriations in March.

Carlotta: One way is to react through your budgeting process, and the second way is to react in the way you spend your money. Right now, we're spending money from January through June – it's often not until June when the state matters are settled—we've been spending for six months and now we have only six months left to absorb \$60,000 of cuts and that's not enough time. If we know before spending starts what the state's cut will be (before we've already spent six months of the budget) we can react. Roberta: There are nuances for SB2 towns and Town Meeting towns and towns that have budget committees, and it would be great if somewhere it was spelled out. Carlotta: we had calls into the DRA and they've had such cutbacks that we couldn't get an answer.

Richard Mellor: I was here for the meeting when the auditor presented the situation. I fully support the bond proposal, but it should be contrasted with the other option of paying it when you'd get an extra six months' payment in December.

Sam: I thought everyone knew that there would be a one-time payment for those six months, it was just a matter of financing the six months. John: in the interest of full disclosure it was never discussed. Sam: If everyone knew that it was a done deal, then the financial impact would have had to have been disclosed.

Roberta: One of the advantages of doing the bond is that you don't get the hit on the second half tax bill that John referred to earlier. It spreads it out in a way that's more palatable for most households. Also, for people who escrow their taxes, if the mortgage company sees the spike in your taxes, they'll up your escrow despite that it's a one-time thing. It might be even less than \$200,000 on \$1M. Roberta: if you have a shortfall. It's hard to allocate the taxes during an 18-month tax bill. Bonding is definitely the way to go. Basically, the buyer would be paying the small amount of the bond. Carlotta: If Town meeting voted and we go the required 60% to pass the bond, we would do all the paperwork and the bond sale would be in the summer and the first interest payment would fall within the 18 months. If we didn't need the money, we could take our chances on the rates at the second --. I thought we should go the safe route. John: we just took out a TANS loan to cover 4 weeks of operations. We took out \$1.5M – Carlotta: we had to pay the County bill and that's the only reason we had to borrow. The County borrows to fund its operation and they pay their TANS at the end of the year so they needed our money to pay back their TANS. We owed the County \$1.7M. Jed: we had been the second highest town of 23 towns contributing to the County (it was Keene then Rindge) but Swanzey may surpass us.

Jed: public input on the bond. Audience: I'm trying to drive the concept of a double payment in December. We're paying for the previous six months now in a calendar year budget. Sam: You'll be paying ahead not behind so the town will be operating with that money. John: if the bond does not pass, then the alternate is the double payment in December. Jed: Hopefully we can get the information out that the easiest way to go is the bond. Jed: This is our best estimates on how to run the town, but things can change like a household budget. We don't know what our revenues are going to be; they could go up or down or we could have a disaster. We put these budgets together the best we can. Going to a different fiscal year is going to help us do a better job of making a budget. Audience: On a \$200,000 house the \$80 – over 5 years it's \$400. So what's the cost of a \$200,000 house. We took this year's tax rate multiplied by 200. That was a ballpark based on this year's tax rate.

Richard Mellor: I'd like to reinforce Roberta's comments on the escrow deductions; that will really hurt. I think that's one of your most important points. Audience: you might want to talk about the additional cost to the taxpayer. Kim McCummings: a lot of people's tax bill goes to the bank and the homeowner doesn't know. The payment will go up with the bond and as the taxes go up in town. Pat Martin: I read it the same way Jim did; I thought the \$80 meant an \$80/year additional cost above and beyond the cost of the bond. John: if you can take your June/July bill, that will be your double down payment. You can pay the extra at Halloween so when the bill goes to the bank it will be a single payment. But if the bond passes, you won't get a double bill. Audience: will the bill that comes from the town to the bank; will that reflect 12 months or 18 months of what you're getting billed for? Where do you account for it on the statement?

Ellen Smith, accountant: the first question is how is the tax bill calculated? The first bill is half of the prior year's total tax, and in November when we set the tax rate we know how much money we have to raise to meet our obligations. We subtract the first payment and the difference is the second bill. In the 18-month budget, we'll still set our tax rate in October, but this coming bill in May/June will be half the tax just calculated for 2012. Then at the end of the year when we set our tax rate, we're telling them we're responsible for 18 months of expenses, so there will be a larger number to start from, so the bottom number will be higher. Audience: when the bank looks at the tax bill, will the bank see \$7,500 or \$5,000 – Ellen: they'll look at what you're putting into your escrow each month and will increase your escrow payment to assume you're on this higher level until you're back in on the 12-month cycle and that's what we're trying to avoid by going to the bond. The bank will assume that is your 12-month bill. But with the bond they wouldn't see that. With the bond, you will get your regular bill plus \$40.

Audience: when do we go out for the bond? Roberta: there are two issue times. Go early for the low rate or take a chance till December when we need the money. The school district puts money in the bank and collects interest on it. Sam: you could get one quarter of 1%.

Public hearing on the bond ended.

Carlotta: I'm thinking we'll want to continue the bond and budget hearing to another date. Jed is leaving on the 17th. We need to meet next Wednesday. Sam is leaving Monday. Two selectmen are enough. We'll level fund the budget and cut \$100,000.

MOTION: Roberta motioned to continue the public hearing on the bond issue to January 16th at 6:00pm. Jed seconded and all were in favor.

BUDGET:

We have an 18-month budget which is a little more than the 1.5 times the 2012 budget. We did pull \$7,500 out of the legal budget since last time, bringing that back to \$30,000 and it will be a challenge to live within that; we do have a couple cases that will be heard but it's doable. This proposed budget – a lot of the increases are on the wage and benefit side as a result of the costs that have been downshifted to the town for the NH Retirement System which has something that the state used to pay a portion of and now the town is being asked to pick up their share, and it's fairly substantial. Throughout the budget, the increase in NH retirement costs is about \$66,000 of the increase. If you take 1.5 times 2012, that was \$240 and for this coming 18 months, we're projecting \$306,000. The other challenge for us is the continuing rise in healthcare costs. We thought 15% was way out there, but our not to exceed rates were at 14.6%. So our 1.5 times is \$398 and we're projecting \$400, and there were plan changes and we're trying to figure out how to react. Our plan isn't up until June 30th so we have some time to investigate alternative plans. We've talked with other providers.

There is no pay adjustment for employees over this 18-month budget other than the Personnel Committee's recommendation of a small 1.5% pool to be reserved for certain circumstances the board may encounter which is \$16,800 posted under the executive wages and benefits. We have two contract renewals for dept. heads and that could be the bulk of it.

In the town clerk's budget we have identified the need for a deputy and that position was filled by Nicole Sesia. She is covering an average of 15 hours a week. In the Town Office, Jed mentioned we proposed an increase in the hours for the accountant, and that position would be made 32 hours—that's a fairly significant change, but that's something our auditors have recommended and he strongly urged our board to do this given the increased complexity in the town's operations. Ellen's been getting up to speed and has been working almost as many hours because the need is there. We have some increases in technology; we are looking at upgrading the town's website; it's become stale and we want to make it a tool we can use to communicate with people and they can rely on for up to date information for the town so we've included funding for that and software for various departments.

Assessing budget was reduced because we're looking at doing a revaluation. Instead of paying someone to do the pickups (additions and new construction) that will be included in our comprehensive revaluation warrant article. Legal budget. Planning Department: I had a meeting with the chair of the planning board and we talked about the dept.'s plans for filling the vacancy of the planning director and they are advertising that position and reviewing candidates on Jan.

15th. Carlotta: it appears there was an error in the operating portion of the budget and that worked in the PB's favor because there was a shortfall in the director's health coverage because the former director wasn't taking it so the error was swapped for the time being. Ellen: the original numbers we got from the planning director there may have been some misunderstanding. We moved the 18-month request back down to the number the chair originally wanted. It happened that the number was what we needed to cover the health and benefits. The total number didn't change.

The Zoning Board of Adjustment's budget is up a few thousand dollars because the woman who was hired to be the part-time secretary for the Planning Board is also acting as the secretary for the ZBA. The latest selectmen's administrative assistant had tried serving as the clerk for the ZBA for no charge but adding those responsibilities didn't turn out to be feasible for her workload.

We are trying to get a 2.5% reduction on our worker's comp and property/liability insurance with Primex. This year we did receive a premium holiday from Primex as a settlement with the attorney general's office. We are expecting another next year but they have not announced what that amount might be. We might see if this is an area where we could realize some additional savings.

Regional association operating total. At this point, I am proposing that the SW Region Planning Region dues be included as a warrant article. And I think we haven't been a member since 2008 and the decision to rejoin the planning commission is worthy of going to the voters. If they vote yes, we can consider putting it back into the budget next year. Carlotta: We were told to reduce this budget by \$100,000 and the obvious ways are to look at new programs and things that weren't in last year's budget. Pat: The salary for the planning director could cover the dues because the hire won't happen for a few months. Kim: In the wording of the warrant article, emphasize the importance of rejoining at this time. This is something that we can't afford not to do. Right now, we have no representation from a regional perspective. Being a member of that organization brings us a voice at the table. We need to fill the position because right now we just have a secretary who needs to refer questions to whomever needs to answer them.

Richard Mellor: They've got the Granite State future: 3M to develop a regional plan for the future; they'll implement it in three years. We cannot afford to pass this up. It should be in the operating budget. Pat: I'm so disappointed by this; we were just talking the other day looking at our energy costs; in Nashua, their regional planning group created a cooperative to buy electricity as the towns of that regional planning area and we were starting conversations with SW Regional Planning. For \$6,000 I can't imagine we can't find that in the operating budget. John Kauer: if you're looking at wages and benefits – look at the town office. \$105,822 for 18 months. Raising the accountant to full-time from part-time is adding \$53,000. It looks like a \$53,000 raise. Carlotta: That addition is for 18 months, not one year. The town office budget includes two full-time positions: one is 40 hours and one is 32 hours. And the accountant's position has been prorated so it doesn't begin full-time until after March. Carlotta: If this budget is going to be flat, there are difficult choices that need to be made. It needs to be pitched to the voters. There are 200-300 people at Deliberative Session. Roberta: you can amend the budget—you can motion to amend the budget by \$7,000. Carlotta: I asked Kirk whether we could take advantage of the timing, so we ended up putting in there year-round funding of the benefits. Rick: why don't you hold off until you can pay for that position? Roberta: Susan's only there two days a week. Kim: before, we had an acting interim director who was fully knowledgeable about planning. Right now, we have a secretary who has no planning background. So, either things will come to a stop or slow down. Our planning board members work; we're not here during the daytime. Now,

people call and Susan does the best she can. We were getting really into the follow up on the economic development piece. We're at a point for the Town where we were really beginning to accomplish some things and to leave that position vacant would mean that some other things might happen. Audience: I find it hard to believe that you won't have a period of vacancy between deciding on a new planning director and their start date. John: the board has a history of saying we'll keep \$49,000 for the planning director. You can wait to hire. Roberta: The last time we searched for a planning director, we had someone else here full-time. We only have someone part-time now and you can't close the planning office. Sam: Can you join SW Regional Planning any time or just at a certain time of the year? No, you can join any time, any month down the road.

Carlotta: a lot of the impacts we talked about re: wages and benefits affect the Police Dept. substantially. Chief Morrill has been reasonable on curbing overtime and p/t wages. He offered that we don't need to replace a cruiser (the chief's car) in these next 18 months. We took that out. Ellen had a conversation today about a radio; he agreed to seek alternate funding for that. This budget is still higher than 1.5 times but I think he's done a really good job about absorbing the retirement costs which are substantially higher for the police. Ambulance service dropped off a letter to Rick seeking a \$5,000 increase in their annual donation and over 18 months that would be an additional \$7,500. We would pay them \$37,500 (12.5 each of three payments). Audience: \$20,000 is that for however many times they come? Jed: Yes. We use about 40% of the calls and that includes the college; Jaffrey gets 60%. John Kauer: prosecutor: is this the year the 5% increase picks up? Carlotta: The increase that was proposed last year did actually go into effect during 2012 and it is reflected in this proposal.

Fire: mutual aid dispatch added into the budget; they agreed to work with us by taking payments in two halves rather than one whole. Under Emergency Management, we had talked about implementing a 911 proposal. Rick will seek grants for that.

Highway: Dave Bilodeau who was driving the truck to Berlin and Bethlehem--his wages were booked under Solid Waste and we put him back in Highway when we changed how we disposed of Solid Waste -- we're now just trucking recyclables and so we've put him back in the Highway Budget. Solid Waste is down. Changing the trucking of solid waste we've added life to the truck that we have since it's only going to Keene now. Early, John brought up the highway projects. The town gets money from the state based on the miles of roads we have; we have to raise and appropriate that money on the expenditure side and the check comes in on the revenue side and it's a wash; that's the line item called the Highway Block Grant. The payments from NH come in on a quarterly basis. Because NH is on a fiscal year and not a calendar year, there's usually one amount for Jan. and March and another for June and September. The money coming in in January, April, July, and October 2012 and the fact that Mike does his road projects in August. How would this work over 18 months? We need to budget enough to do the projects once during that 18 months but we're still getting six quarterly payments. We've treated it one way in the default and one in the proposed. There's no statute that says how you do a proposed 18 month budget. We always do a default budget by adding contractual increases and deducting one-time expenditures and we multiplied it by 1.5. The proposed budget we tried to ask how this would work. At the end of the fiscal year, June 30, 2014 we'll have some money in the bank, but we're going to save it until we do the paving the following August. The statute says we're obligated to use the money either the year you receive it or the next year.

Streetlights: our Energy Commission has been successful in getting these costs down as a result of the grant they received to swap out the fixtures with energy efficient fixtures; the bill has been reduced by about \$400/month so it's one of the true savings areas we've seen.

Welfare: Ellen and I took a three-year average of the types of assistance and we've revised these numbers to reflect the three years over 18 months. Anyone who presents themselves here we need to assist them. Mary is doing a terrific job of keeping the costs down where she can.

Recreation: there's a small increase in the Rec Dept's part-time wages; his budget is about \$5,000 higher than the 1.5. Roberta: he's doing so many programs that he's raising his part-timer hours by 2 to 4 hours a week. Sam: he also got a raise, right? Carlotta: The raise for his contract will come from that 1.5% money in the budget pool that we talked about.

Library: you'll see a small increase in the wage and benefit line item. Health insurance and NH retirement, plus a wage adjustment previously given. On the operating side, they were very close to level. I had hoped they might consider keeping it at 1.5 so I took the liberty of plugging that in, so that's a \$1,600 difference.

There's not much in Conservation Commission. Finally, the TANS mentioned earlier; the interest is in here. If we reduce the \$10,000 from the ambulance mistake, we're about \$40,000 shy of the goal, so we need to go back to the drawing board a little. But I have some ideas around the insurance program—the contribution holiday, get the 2.5% and get a health plan that's not a 15% increase over this year. If we have one more week to crunch some numbers, I am confident that we can do it.

Richard Mellor: Bond counsel: what is the bond counsel fee for the bond?

John: Rick got the grant, would that reduce his budget? No—Rick: whenever you apply for grants, you can maintain your budget but not reduce it. SCBAs: we have 15 SCBAs through the warrant article; the grant guidelines stipulate every seated position (we have 25) so to be in compliance with the grant, I had to do 25 seats). Carlotta: Warrant article 11 says \$140,000-\$70,000 from Capital reserve – grants, and the balance to be raised by taxation. John: we're stuck with old servers for the TO and PD and the money's not in the server. Carlotta: there's money for server replacement under the hardware plan that doesn't buy them outright but leases them.

Article 5: \$76,000 for lease payment 2 on fire truck.

Article 6: \$25,000 to add to the meeting house maintenance expendable trust fund. Roberta: don't we need to pull money out for painting? Carlotta: the painting is on the radar of the Meeting House Oversight Committee. They already have the specs developed for painting. Mike: we're trying to incorporate the windows and painting at the same time. This is the only one the Selectmen are agents on.

Article 7: we got two bids for the reval. In 2005, we paid \$180,000 and we got bids for \$106,000 and \$109,000. This \$39,200 would allow us to hire someone and this is non-lapsing so if they didn't spend all the money by the 18 months, they could keep going. We have \$35,000 in a capital reserve. Year three is the big year.

Article 8: to take money out to replace the fire chief's truck and it did have some major problems and there was a recommendation to fix the truck, which they did but the mechanic said they should replace it. We could get \$12,000 trade-in now and get out of these problems to use towards the \$35,000 purchase price.

Article 9: Raise \$20,000 for municipal energy projects. We'll be specific that these are for energy savings in the town buildings.

Article 10: \$55,000 to purchase a new truck (this is the truck that plows our parking lots and roads). Cabin chassis and plow are being kept. This is the maintenance technician's truck and also has the capacity to plow.

Already discussed article 11

Article 12: put \$90,000 in the highway dept. capital reserve fund?

Article 13: highway exhaust system: the town's safety committee cited the need and we've talked to our insurance provider. His advice was that there's no law that says you have to have one in your garage. But, you have a responsibility to provide a safe workplace and there's evidence that diesel exhaust has carcinogens and if one of our workers became sick because of that we'd be liable. The DOL has been doing surprise inspections and requiring these safety improvements. Sam: I would recommend getting a meter and checking the levels. Mike had looked at three systems, one of which has exhaust fans which are half of the cost of the under floor exhaust systems. The system is \$15,000 including the electrical and blower motors vs. \$49,000 and \$29,000 for systems like Rick's.

14: \$5,000 for a punch card machine at the dump to allow one-stop-shopping for residents so they don't have to buy them at the selectmen's office. Roberta said that the revolving fund was established for the replacement and maintenance of that equipment and it did not say "purchase." Because this is something new, it would not be able to be paid for at that fund, so the question is whether it's worth leaving on here as a tax item. The benefit here is two-fold. One is as a customer service enhancement. Folks arriving at the transfer station with things to drop off would no longer be told they first need to go to the town office to get a punch card and then come back. And it would restore the productivity of the selectmen's office which has become inundated with so many dump transactions that it's difficult to get work done.

Mike Cloutier, Public Works Director: this machine was developed and is being used in Lee, NH and Sunapee, NH. It has a card stock material and it's like a lottery machine. It takes bills but no coins. The reason Ed no longer accepts money at the transfer station is because people had the perception that he was pocketing money. By taking those transactions away from the dump and transferring them to the selectmen's office, those perceptions stopped but, as mentioned, it cost productivity. The selectmen's assistant now processes thousands of dump sticker and punch card transactions a year (since the town no longer issues 5-year and 3-year stickers and all multi-year stickers recently expired, the number of transactions have risen dramatically).

Dan: We could amend the purpose of a fund with a 60% vote. I'm in favor of rewording the article to make it an expendable fund.

MOTION: Roberta motioned to continue this on the 16th, Sam seconded, and all were in favor.

MOTION: Roberta motioned to go into a nonpublic session for personnel, Sam seconded, and all were in favor.

MOTION: Roberta motioned to go out of nonpublic and go into public, and adjourn. The meeting adjourned at 9:22pm.

Minutes respectfully submitted by Linda Stonehill, Administrative Assistant