

FINAL

BOARD OF SELECTMEN'S MEETING

February 11, 2008

7:30 P.M. – MUNICIPAL OFFICE BUILDING – HANOVER NH

The meeting of the Board of Selectmen was called to order at 7:30 p.m. by Chairman Brian Walsh. Present were: Brian Walsh, Chairman; Katherine Connolly, Vice Chairman; Peter Christie, Selectman; Bill Baschnagel, Selectman; and Julia Griffin, Town Manager. Members absent: Athos Rassias.

1. PUBLIC COMMENT.

Chairman Walsh asked for Public Comment. There were no comments from the public.

2. DISCUSSION OF FINANCING OPTIONS FOR PHASE II WATER RECLAMATION FACILITY IMPROVEMENTS.

Chairman Walsh invited Selectman Christie to review financing options with the Board. Selectman Christie gave an overview of the work that went on behind the scenes in looking at financing options for the Water Reclamation Facility improvements. Selectman Christie reported that one of the first things that the group had to do was to determine a rationale behind the charges. There is an additional \$7.4 million in expense and it appears that the best way to pay for this is with a bond of 15 years. They looked at various options including a 20 year bond but with a bond of 15 years, they avoid running into end of useful life issues. In looking at user fees, and how to rationalize those, there are several things that impact costs at the facility. A structure based upon different categories of customer based service and charge those entities accordingly. The group looked at the readiness component and put a minimum on each of the categories. In looking at the connect fees, it appears that these charges are not always fair and more work needs to be done to work on the rationale behind the fees. The Town needs to establish a fee for a new user for assets that are already in place and they make the recommendation that they change the connect fees in a more arbitrary way for next year.

Chairman Walsh had questions about the amount of money and how it relates to the specific projects on the list. Selectman Christie noted that they didn't determine the validity of any of the projects while looking at financing options.

Selectman Christie noted that they are going to try to quantify what assets exist and what the fair share buy-in is to the facility. Chairman Walsh felt that there is logic in something that is different from buying in where you are, if there's been a substantial amount of capacity that has been sitting for a substantial period of time essentially waiting to be used and he would think of this as a revolving fund or a future's fund.

Selectman Christie noted that the bond issue represents the useful life of the asset that is being put into place. Chairman Walsh felt that in some cases, the capacity has been sitting and waiting to be used, and he feels that useful life is measured in time.

Selectman Baschnagel noted that if there was a depreciation system in place, it would serve as a surrogate. The rate this year would be part of the depreciation expenses and it would be carried forward.

Chairman Walsh was in agreement with the principles behind lining up the user fees to the cost of treatment and the work to be done relative to the connection fee to deal with the capital that has been there waiting to be used.

Vice Chairman Connolly would be unwilling to go to Town Meeting with yet another bond without sufficient review. Ms. Griffin noted that the Board went over the first look of improvements in 2005 and some of the projects were taken off the list. Vice Chairman Connolly questioned what the Town ends up with at the end of this. Ms. Griffin noted that the proposal doesn't include a rate increase and Ms. McClain stated that it is a matter of restructuring the rates. Ms. Griffin noted that the \$500,000/year to pay for the bond is already built into the budget. Ms. McClain explained that with the increase in rates last June, a portion of the increase is going toward paying for the improvements.

Chairman Walsh clarified that the total amount being charged to users is enough to fund the current operations of the plant and to service the debt of \$7.4 million for the next 15 years. Ms. McClain noted that in the budget that is being proposed in the next couple of weeks, they will be able to raise \$441,000 that will be transferred into capital reserve because there will no debt service on any loan next year, in the out years it translates into the debt service of approximately \$500,000. Ms. McClain stated that because of the way that the State SRF loan process works, it requires authorization from Town Meeting to pursue the loan.

Selectman Baschnagel had concerns about the timing of the request. Selectman Christie stated that they are proposing to create a different rationale and different rates and would like to do this by this spring. If not, they will carry on with the rates that are already established and look into options next year.

Chairman Walsh asked how the Town of Hanover charges compare with the State average. Ms. McClain noted that the average resident bill was \$448.00 and the average in the State was \$428.00. Chairman Walsh confirmed that the Board would be more supportive of a 15 year bond versus waiting 5 years and then saving for this. Chairman Walsh noted that with the amounts that are being charged to the users, the Town would be covered in those rates. Ms. Griffin noted that the Committee felt that this was the best option. Chairman Walsh wants to make sure that the Board is as clear as they can about the revenue structure and the fee structure.

Selectman Baschnagel feels that stability in payments is the most important piece. Selectman Christie doesn't feel comfortable with locking in any user fees but to base the rates on a rationale and it is unclear what changes they may be facing.

Ms. Griffin felt that there needs to be a very clear rate table that people can react to with regard to borrowing money to make the improvements. Selectman Christie felt that there were two very separate issues at hand. The need to make the improvements; what the right project is and what the total cost is and the financing option of a bond. A potentially different rate structure is a completely different issue.

Chairman Walsh wanted to discuss the projects being proposed at the Water Reclamation Facility. Ms. Griffin noted that this was going to be discussed during the budget meeting for the Water Reclamation Facility. Ms. Griffin stated that the two projects that the Board committed to working on this year were the permanent selector tank construction and the aeration system and blower replacement. The projects can still be visited year by year as they approach them. The Committee decided that it made the most sense to do one SRF loan, get commitments for those loan funds and then go from there. Mr. Kulbacki noted that the projects are meant to replace aging equipment and to deal with future capacity.

Chairman Walsh wanted to see more information about what needs to be done for the facility to be able to go back to burning methane. Mr. Kulbacki noted that it is part of the digester project. Chairman Walsh would like this looked at again and would like this to be improved with sustainability in mind. He anticipates that when Charlie Sullivan returns with his information about this project, it will probably show that the methane is a bigger problem than the CO2.

Vice Chairman Connolly would like to know what the capacity will be in 10 years. Ms. Griffin advised that she can give the Board the summary sheets about these various projects and nothing has changed from their last look at it one year ago.

Ms. Griffin noted that when they prioritized the projects, they grouped some of them around affordability within certain years using reserves versus SRF funds and Selectman Christie noted that those concerns go away if the Town decides to bond the project. Mr. Kulbacki stated that part of planning the projects are balancing how things should be handled logically versus financially.

Selectman Christie felt that the budget meetings would be too long to handle this subject. Selectman Baschnagel would like a 'crib sheet' to be able to discuss these details with residents. Chairman Walsh would like to look at this against, CO2, methane, oil and the environment. He doesn't feel that any of the Board members can speak about which project should be done in which order. Chairman Walsh also wants to determine whether \$7.5 million is the right number or should it be \$8.5 million or \$6.5 million.

Ms. Griffin will provide the Board members with an overview prior to budget meeting for the Water Reclamation Facility.

Dennis Goodman, 472 Hanover Center Road, asked if the projects that are being considered have already been approved by the Town. Ms. Griffin gave an overview of the projects that are needed at the plant; the equipment's useful life, upgrading of equipment, and the issue of

capacity at the plant. Ms. Griffin offered to send Mr. Goodman more information on these projects.

3. DISCUSSION OF RECOMMENDED CHANGES TO ELDERLY, DISABLED AND BLIND EXEMPTIONS.

Ms. Griffin noted that Mike Ryan was present at the meeting to answer any questions. The Board looked at this 5 years ago and it is time to implement the next update this coming August. By State Law, the Board must set a public hearing to discuss the recommended changes to the exemptions.

Vice Chairman Connolly MOVED to set a public hearing for April 21st as recommended for changes to the elderly, disabled and blind exemptions. Chairman Walsh SECONDED.

THE BOARD VOTED UNANIMOUSLY TO SET A PUBLIC HEARING FOR APRIL 21ST FOR THE RECOMMENDED CHANGES TO ELDERLY, DISABLED AND BLIND EXEMPTIONS.

4. DISCUSSION OF POSSIBLE ENACTMENT OF SOLAR, WOOD HEATING AND WIND ENERGY EXEMPTIONS PURSUANT TO RSA 72.

Ms. Griffin noted that there is a lot of discussion around the State about these exemptions and she has concerns about the efficacy of these exemptions. At this point she is not recommending that they put this on the Warrant but wanted to get the Board to think about this issue. Ms. Griffin noted that these components do not necessarily increase people's property value and although that may be something that comes forward in the future but from an assessing perspective, they do not add value. There are residents who feel that their property values should be reduced because they do not have high speed internet. Selectman Baschnagel stated that almost everyone has access to high speed but it's a matter of what people are willing to pay for it.

Ms. Griffin just wanted to put this issue in front of the Board for discussion in case it comes up in the future when asking if Hanover has taken in tax exemptions for wood-heating, solar energy and wind powered tax exemptions.

Selectman Baschnagel doesn't feel that the Town has a right to discriminate between a pot boiler and an efficient pellet stove. Ms. Griffin noted that some communities are seeing this as something to consider with regard to sustainability. Chairman Walsh doesn't feel that the Town should move away from taxing properties based on market values and not on what's inside the property.

5. APPOINTMENTS: Recycling Committee

Ms. Griffin noted that Chris Hoskin expressed an interest in being appointed to the Recycling Committee.

Selectman Christie MOVED to appoint Chris Hoskin to the Recycling Committee. Selectman Baschnagel SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY IN FAVOR OF APPOINTING CHRIS HOSKIN TO THE RECYCLING COMMITTEE.

6. BANNER REQUESTS:

- American Cancer Society – Annual Relay for Life at Dartmouth College
- Prouty

Ms. Griffin noted that the Annual Relay for Life has requested to have the banners displayed for two weeks but the policy is one week so she will advise them of that. She also noted that they didn't want to give long range permission for the streetlight banners.

Chairman Walsh would like to consider additional pennants on poles on Lebanon Street. Ms. Griffin noted that there have been more requests for hanging baskets of plants and she asked William Desch to provide estimates for this. The Garden Club would need to decide if they would be willing to donate additional hanging baskets which are maintained by the Town. Ms. Griffin felt that there may only be an additional 6 or 8 lampposts available that they would be looking at adding baskets too.

Selectman Baschnagel MOVED to approve the banner requests of the American Cancer Society and The Prouty. Vice Chairman Connolly SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BANNER REQUESTS OF THE AMERICAN CANCER SOCIETY AND THE PROUTY.

7. APPROVAL OF MINUTES:

- January 28, 2008

Vice Chairman Connolly advised that she had a couple of minor changes to the Minutes. Ms. Griffin noted that the Board could adopt the Minutes pending input from Selectman Rassias.

Chairman Walsh MOVED to adopt the Minutes pending any input from Selectman Rassias with the changes recommended by Vice Chairman Connolly. Vice Chairman Connolly SECONDED.

THE BOARD VOTED UNANIMOUSLY TO ADOPT THE MINUTES, PENDING ANY INPUT FROM SELECTMAN RASSIAS, WITH THE CHANGES RECOMMENDED BY VICE CHAIRMAN CONNOLLY.

8. ADMINISTRATIVE REPORTS.

Ms. Griffin noted that the proposed budget is done and the production of the books are underway.

Ms. Griffin noted that the last couple of weeks have been very busy within the Legislature. There is a major joint hearing on Thursday regarding the Retirement System Bill before the joint finance committee of the Senate and the House. The Retirement System Bill was submitted by members of the House who were on the Governor's working group. They are looking to overhaul the retirement system this session. There have been a number of labor related bills that have been heard. Chairman Walsh confirmed that the legislators clearly understand the position of the Town on these items.

Ms. Griffin reported that the proposal for the new Grafton County Jail was voted on this morning and the final vote reduced the amount by \$2 million (to \$38 million) and it was approved by 1 vote. The vote failed on the first vote 17 to 9 and then after a caucus, one member changed their vote and it was then approved. The operating budget increases will be requested once constructed and this was a concern due to the significance in the increase from \$3.1 million this year to \$7.48 million when fully implemented in 2011.

Selectman Baschnagel stated that the design in the building will drive up the operating costs. There are a certain number of people required to man the building whether there is one person in the cell or whether there is fifty. Ms. Griffin noted that the full impact will not be felt until 2011 and it is a large bond issue for the County. Selectman Baschnagel stated that the discussion needs to happen now while they can still change the things that will drive the cost up.

Ms. Griffin stated that the Municipal Association dinner is scheduled for this week but may be changed due to impending weather.

9. SELECTMEN'S REPORTS.

Peter Christie

Selectman Christie reported that he has been working on the financing options for the Water Reclamation Facility as previously discussed.

Kate Connolly

Vice Chairman Connolly reported that she attended the Planning Board meeting where they heard about the proposed new Co-op store that will be replacing the existing store and gas station. The gas pumps will be eliminated.

Vice Chairman Connolly reported that the Planning Board also approved proposed additions to The Greens which includes the addition of a sidewalk on Lyme Road.

Bill Baschnagel

Selectman Baschnagel reported that the Planning Board reviewed a request by Dartmouth College to put artificial turf on Chase Field #3. The improvements include the artificial turf, bleachers, irrigation, fence, etc. Chase Field is becoming highly developed with specific facilities for specific sports. There was a condition for approval stating that they will be allowed to use Town water for 2 years with anticipation of putting in a new well to irrigate their fields. Selectman Baschnagel noted that he was uncomfortable with the discussion and with the issues of capacity and use of potable water to irrigate the fields.

Selectman Baschnagel reported that he missed the Parking and Transportation Board meeting this afternoon.

Brian Walsh

Chairman Walsh reported that Saturday was a beautiful day and he heard that there were 2,000 to 3,000 people at the Occom Pond Party. Chairman Walsh noted that he was unable to attend. Ms. Griffin noted that she was there and it was not too cold. The last half hour it snowed and it was very festive with kids and families. She reported that there were wonderful ice sculptures and activities on the north end of the pond.

10. OTHER BUSINESS.

No Other Business was reported.

11. ADJOURNMENT.

Selectman Baschnagel MOVED to adjourn the meeting. Vice Chairman Connolly SECONDED the motion.

THE BOARD VOTED UNANIMOUSLY IN FAVOR OF ADJOURNING THE MEETING AT 8:50 P.M.

Respectfully Submitted,

Peter Christie, Selectman

Minutes prepared by Elizabeth S. Rathburn.

SUMMARY

- 1. Vice Chairman Connolly MOVED to set a public hearing for April 21st as recommended for changes to the elderly, disabled and blind exemptions. Chairman Walsh SECONDED.**

THE BOARD VOTED UNANIMOUSLY TO SET A PUBLIC HEARING FOR APRIL 21ST FOR THE RECOMMENDED CHANGES TO ELDERLY, DISABLED AND BLIND EXEMPTIONS.

- 2. Selectman Christie MOVED to appoint Chris Hoskin to the Recycling Committee. Selectman Baschnagel SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY IN FAVOR OF APPOINTING CHRIS HOSKIN TO THE RECYCLING COMMITTEE.

- 3. Selectman Baschnagel MOVED to approve the banner requests of the American Cancer Society and The Prouty. Vice Chairman Connolly SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY TO APPROVE THE BANNER REQUESTS OF THE AMERICAN CANCER SOCIETY AND THE PROUTY.

- 4. Chairman Walsh MOVED to adopt the Minutes pending any input from Selectman Rassias with the changes recommended by Vice Chairman Connolly. Vice Chairman Connolly SECONDED.**

THE BOARD VOTED UNANIMOUSLY TO ADOPT THE MINUTES, PENDING ANY INPUT FROM SELECTMAN RASSIAS, WITH THE CHANGES RECOMMENDED BY VICE CHAIRMAN CONNOLLY.

- 5. Selectman Baschnagel MOVED to adjourn the meeting. Vice Chairman Connolly SECONDED the motion.**

THE BOARD VOTED UNANIMOUSLY IN FAVOR OF ADJOURNING THE MEETING AT 8:50 P.M.