

**WATERVILLE VALLEY, NH
BOARD OF SELECTMEN
BUDGET AND BOND ISSUE PUBLIC HEARING MINUTES**

DATE: February 3, 2016

MEMBERS PRESENT: Chairman Mike Aronson, Bill Larsen.

MEMBERS ABSENT: Margaret Turner.

OTHERS PRESENT: Mark Decoteau, Jim Mayhew, Chris Hodges, David Noyes, Sharon Charron, Judy Rolfe, Brooke Wakefield, and Tiffany Hammond. About 20 members of the public were also in attendance.

1. The meeting was called to order at 6:00 PM by Selectmen Chair Mike Aronson.

2. Privilege of the Floor

The Chair welcomed everyone to the meeting and the Town Manager, Mark Decoteau, introduces the department heads present at the meeting.

3. Public Hearing on the Fiscal Year 2016 Budget

The Town Manager states that this is a budget hearing, and that there are no new bonds being requested this year. The Town Manager continues by defining several terms for the audience he will be using in the hearing; operating budget, revenues, and appropriation.

The total Budget is \$4,109,898, including all warrant articles and capital programs. The Town Manager then reviews the impact of the proposed budget decrease of \$44,864 to a \$250K, \$500K, and \$750K properties as examples. Those decreases are \$32.50, \$65, and \$97.50 respectively. In comparison to the 2015 Budget, the total decrease for the proposed 2016 budget, including all warrant articles and capital programs, is \$157,135. Of the \$44,864 decrease in the amount to be raised by taxes, reductions in the Capital Budget have had the most impact. Cumulative changes in department budgets requests combine to result in an increase of approximately \$35,800 or slightly less than 1%.

Revenues as proposed are down from 2015 in the amount of \$112,621 (from \$1,395,497 in 2015 to \$1,283,226 in 2016). This is the result of a combination of one-time revenues and using a larger amount of fund balance in 2015.

The history of fund balance usage is reviewed. The Town Manager explains that using fund balance, which is the surplus from cumulative year's unspent funds, reduces the amount of taxes to be raised in a given year for which it is being used. Fund balance is used throughout the year for cash flow to reduce the use of Tax Anticipation Notes (TAN). The Town also uses its fund balance to pay for one-time capital items, and that is recommended again this year for 2 capital projects. For the 2016 budget, the proposed use of fund balance is \$69,914.

Resident Mike Koppel asks if there is a targeted amount for the fund balance. Mr. Decoteau replies that the state recommends the fund balance be at 5%-17% of the operating budget, and presently the balance is at \$751K or at approximately 12.2%, which is within the range. Mr.

Decoteau explains that there are times when the fund balance is allowed to build up in anticipation of one-time expenses.

The Town Manager reviews the Debt Service for Capital Improvement Plan as well. He explains that the capital plan has been spread out and that the town has been able to retire old debt before new debt is taken on. It is explained that the Debt Service for 2016 is below the 4 million dollar level. The current Capital Improvement Plan goes through the year 2021.

- Resident Terry Waite asked if lease agreements count towards debt. Mr. Decoteau replies that it does not, as leases have a non-appropriation clause which means that at town meeting it could be decided not to do them on a year to year basis.
- Resident Birdie Britton asked when the debt will be paid off. Mr. Decoteau replies that it currently goes out to 2032 for the existing loans, and includes the Rural Development loan for the water/sewer improvements. Chairman Aronson also states that fund balance is often used to pay off higher rate loans early and the town has a very good record of paying of loans early.

The Town Manager continues to explain that there are no bonded warrant articles for Town Meeting this year. There will be the one large warrant article for the operating budget, and several individual or special warrant articles.

The Town Manager then reviewed the proposed Special Warrant Articles including as follows:

- Our Town Grant Project for \$120,000 (50/50 matching grant with Federal Government)
Mr. Decoteau explains that the Pedestrian Village Study (PVS) report recommendations included many items. A resident group called the Town Core Working Group (TCWG) was formed to review the findings and to develop a plan for implementation of the PVS and this grant is the 1st step in that process. The grant would cover 50% of the \$120K and would enable the town to install signage for trails and pathways in town, as well as provide a “sense of arrival” sign at the town’s entrance. The remaining \$60K of the project cost would come from Fund Balance.

Resident Mike Koppel asked if grant approval has been received yet. Mr. Decoteau replies that it has not, and a reply is expected in April, which is why fund balance is being proposed to cover the proposed costs as no new taxes need to be raised.

Selectman Aronson comments that this project will unify signage throughout town and will include directional signs to trails, nature and historical facts and promote the pedestrian pathways in town.

Tiffany Hammond, who is our grant writer, is introduced and provides a short summary of the grant process and the benefits this grant will have upon Waterville Valley as a community by increasing its livability and economy.

Mr. Decoteau also states that the grant is under the National Endowment for the Arts, and the town is working in conjunction with the Rey Center and their “Artist in Residence Program” for design of the signs.

Cheryl Saenger asked if there was a design for signs yet. Me Decoteau replied that they will be a larger presentation on this at town meeting, but part of the grant would be to establish the design. There will also be public meetings, if the grant is approved, to get feedback from residents on those designs.

- Police Cruiser Lease for \$42,487 (\$14,162 as the 1st year of 3-year lease)
Mr. Decoteau explains that the 1st year of the 3-year lease will cost \$14,162, and that total cost for the 3-year lease is \$42,487. Future funding for the remaining 2 years of the lease will be in the Capital Outlays portion of the Operating Budget. The lease does include a non-appropriation clause, which means it does need to be voted upon at Town Meeting each year to continue with the lease.
- Riding Lawnmower Lease for \$29,743 with year 1 being paid out of Fund Balance (\$9,941 as the 1st year of 3-year lease)
Mr. Decoteau explains that the 1st year of the 3-year lease will cost \$9,941, and that total cost for the 3-year lease is \$29,743. The \$9,941 is proposed to be funded by using Fund Balance for the 1st year.

Questions from the public included the buyout amounts on the vehicle leases, maintenance costs, and benefits of leasing versus purchasing. It was explained by the Selectmen that in budget preparations the decision to compromise to propose 2 leases and 1 purchase. Additionally, a new maintenance plan for the police vehicles are being established which will try to lengthen the life of the vehicles. Additional questions were answered by the Board of Selectmen and/or the Town Manager to the satisfaction of those in attendance.

The Town Manager then reviews the Operating Budget Capital Projects which include the following items:

- Fire Pick-up Truck Replacement for \$38,000 is a purchase. This vehicle also serves the Department of Public Safety as a utility and rescue vehicle.
- Sewer Treatment Plant Grinder Pump for \$30,000 is a purchase replacement for the treatment plant's original grinder pump. This is addition to the \$75,000 which was previously approved. This new pump is a better design than the current one, as well as being more effective in removing non-biological solids, and will have an estimated savings of \$27,000 over the next six years in reducing the removal of these solids from the lagoons. The savings on maintenance costs for the lagoons will continue beyond the six years as well.

The Town Manager then reviews the Capital Reserve Accounts and their proposed funding:

- Corcoran Pond Capital Reserve is proposed to be funded \$20,000 to add to the existing funds thus bringing the total of the fund to \$137,052. Corcoran Pond Dam is listed as a high hazard dam and discussions are ongoing with DES on designs in armoring the earthen dam. A request for a 5-year extension to DES has been submitted. Grants might be available as well and the funds put aside for the work have the potential to be matched or unspent if grants are approved.
- Ladder Truck Capital Reserve is proposed to be funded \$20,000 to add to the existing fund thus bringing the total to \$30,018. This fund was established in 2015. This fund is being used to cover major maintenance, and remaining funds will be used towards the replacement of the Ladder Truck in the future. The time to replace the ladder truck is still

undetermined at this time. The use of available grant funds at that time will also be encouraged.

- Police Vehicle Capital Reserve is a new Capital account for 2016. It is proposed to be funded by \$25,000 with the intention of providing funds in the unlikely event for major maintenance of the current police vehicles, but primarily for the purchase of a new vehicle. In 2018 the next Police Cruiser is proposed to be purchased in the vehicle replacement plan, and any remaining funds from this account will be used towards that purchase.
- Road Repair Capital Reserve is a new Capital account for 2016. It is proposed to be funded by \$20,000 with the intention to be used for unplanned repairs to roads in town.
- Fire Vehicle Capital Reserve is a new Capital account for 2016. It is proposed to be funded by \$10,000 and is planned to be used for repairs and maintenance on Engine 2 to extend its current life. Engine 2 is currently the oldest truck in the fleet and is scheduled for replacement in 2021 in 5 years. Major repairs will be funded by the reserve account and any remaining funds will be used towards its replacement at that time.
- DPW Backhoe Capital Reserve is a new Capital account for 2016. It is proposed to be funded by \$10,000 and is planned to be used for repairs and maintenance on DPW Backhoe to extend its current life. Major repairs will be funded by the reserve account and any remaining funds will be used towards its replacement at that time.

The Town Manager then reviews the Town operating budget and items specifically noted in personnel included Retirement Increases varying between 3.7% to 5.8%, Health Insurance Premiums increase of 7.5%, Health Insurance employee co-pay increase of 1%, cost of living adjustment of 1.5%, and employee position changes in the IT Dept. changing from a full-time to a part time position, and the addition of a temporary full-time position in the Public Works Dept.

Other general government items to note are:

- Cemetery Project which involves the design and purchase of a common memorial marker in the WV Cemetery for those whose ashes are scattered. Designs will be forthcoming and public input is encouraged for the design. Additional planning will be needed in determining costs and maintenance of the marker.
- Worker's Compensation Premium decreases due to a return of premium. This is likely a 1 year decrease and has the potential to increase next year if there is not another premium return.
- Debt Service Cost Decreases of approximately \$80K due to Bonds being paid off, and decreases in interest costs.

Mr. Decoteau asked if there are any questions on the operating budget and only a few questions regarding were asked which were answered by the Town Manager or the Board of Selectmen.

There was a brief discussion of the time of the deliberative session of Town Meeting, and the question posed to change the time from 3pm, as in past years, to a later time suggested of 5pm or 6pm, to allow voters who are working the ability to attend and participate.

The Chairman asked if there were any further questions on the FY2016 operating budget. Hearing none, he then closed the Budget Hearing for FY2016.

The Board of Selectmen then voted to approve the 2016 Warrant for Town Meeting as presented.

4. Adjourn

Mike Aronson motions to adjourn the meeting.

Bill Larsen: 2nds.

The meeting was adjourned on a unanimous voice vote at 7:10 pm.

Respectfully Submitted,
Sharon Charron
Town of Waterville Valley