

Approved: February 18, 2014

Posted: February 19, 2014



## **Town Council Meeting Minutes**

Thursday, January 16, 2014, at 6:00 PM, in the Matthew Thornton Room

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Chairman Rothhaus called the meeting of the Town Council to order at 6:00 p.m. Present at the meeting were Vice Chairman Yakuboff, Councilor Boyd, Councilor Dwyer, Councilor Harrington, Councilor Koenig, Councilor Mahon, Town Manager Eileen Cabanel, and Finance Director Paul Micali.

### **Pledge of Allegiance**

Chairman Rothhaus lead in the Pledge of Allegiance.

### **Announcements**

Town Hall offices will be closed on Monday, January 20, 2014 in observance of Martin Luther King Jr. Day. The Town Council will conduct a budget meeting at 6:00 p.m. on Monday, January 20, 2014 and a regular meeting of the Town Council at 7:00 p.m. on Thursday, January 23, 2014 in the Matthew Thornton Room.

Town Manager Cabanel questioned at what point in the budget review process the Council would conduct its deliberations. The consensus of the Council was to include discussion of the FY15 proposed budget on its agenda for January 23, 2014.

Chairman Rothhaus stated the order of business would be adjusted by placing Community Development as the first department under review.

### **Review of Proposed FY15 Budget**

#### **Community Development**

Timothy Thompson, Director, Community Development, stated the overall budget to be increased by .5%. Looking back to when he came on board and comparing against actual FY12 expenditures, the budget has decreased, over time, by approximately 6.75%. He stated the budget to be essentially level funded with the exception of one item that being the Conservation Commission, which has requested an increase from \$3,200 to \$4,143. The reason for the increase is to better reflect costs associated with the Lakes Lay Monitoring Program, which has been under-budgeted for several years.

He stated Economic Development to have proposed a continuation of funding at the \$10,000 level. The Request for Proposal for the Economic Development website is near completion and currently in front of the Economic Development Citizen Advisory Committee and the Technology Committee for final comment. The overall website cost will not be known until proposals are received. Any excess funds moving forward would be proposed for implementation of the 2013 Master Plan for economic development related items that came out of the overall Town Master Plan.

He noted the department has worked with Town Manager Cabanel and Director Micali regarding establishing a capital reserve fund for updates and maintenance to the GIS system. Despite being a high-end and well put together program, the base data is approaching the end of its useful life. Aerial

photography was done in 2005, and there has been a significant amount of change and development in Merrimack since that time. The desire is for monies to be set aside to cover costs associated with updating the aerial photography, which would help provide updates to the base layers of roads, building, topography, hydrography, etc. Having the fund in place would assist in keeping the system on a maintenance schedule.

From a staff perspective, the department has fully transitioned into the new staffing levels.

Vice Chairman Yakuboff questioned whether funds identified under Line Item 01-21-8393-0 Conservation, are funds paid to the Commission. Director Thompson explained the items are expenditures incurred by the Commission and funded through the Community Development Department's budget. When asked, he stated the Commission cannot utilize monies from the Conservation Fund to cover those costs.

Councilor Boyd noted the attendance of Tim Roache, Assistant Director/MPO Coordinator, Nashua Regional Planning Commission (NRPC). He spoke of the NRPC's annual report for Merrimack and stated his appreciation. He spoke of programming put on by the NRPC, which is typically conducted during the workday. After review of information on programs offered over the past two years, he was only able to identify four areas where sessions were provided outside of the normal workday. He remarked, while the work done by the NRPC has significant value, from a programming perspective, he believes there is a lot to be desired in that regard. He commented he finds it difficult to reconcile paying dues to an organization when they do not provide programming for those who cannot take time off of their normal work schedule to participate.

Mr. Roache stated Councilor Boyd's message was received and understood. He remarked the approach to receiving public input has changed significantly in the past year or so. They found that by having workshops and public forums in the evening hours and asking people to come out after dinner when their children are involved in sports, etc., they were not getting the needed participation. The approach they have taken is to participate in other events such as pumpkin festivals, etc. where citizens are already engaged.

Councilor Boyd remarked when the Council was looking at the Ten Year Transportation Study, from a policy perspective, he felt as though the Town was scrambling at the last minute to take Merrimack off of the open tolling location. He stated his perspective there was a lack of sensitivity considering how the subject of tolls tends to be toxic in the community. He stated a desire for the NRPC to be more proactive in terms of engaging the Community Development Department in ongoing matters. Mr. Roache stated the NRPC is monitoring what is taking place with the tolls. He remarked the transportation planning process is considered a project of regional significance, which has to be approved by the Federal Highway. For them to bless it, it has to go into the Transportation Improvement Program, which is a document the NRPC has to produce, and the 13 communities that make up the NRPC endorse. To have Merrimack at the table for such an important project and have the Town's voice heard as part of that project is critical.

Councilor Mahon questioned Line Item 01-21-8352-0 Education & Training; specifically reference to NHMA. Director Thompson stated the funds are used in general for the State association; New Hampshire Planners Association workshops and things of that nature. It is not limited to Office of

Energy and Planning (OEP) and New Hampshire Municipal Association (NHMA). It is a holdover description that has never been edited. Town Manager Cabanel stated the reference would be edited. Councilor Mahon noted a similar reference appears in the descriptions in the Assessing Department budget.

### Assessing

Director Micali stated the budget to be flat with the exception of small increases associated with benefits and Line Item 01-02-8334-0 Maintenance-Office Equipment, which has increased (\$1,000) as a result of increased costs for software licensing.

Councilor Boyd questioned wages identified for the Assistant Assessor (\$51,480) and the Administrative Assessor (\$55,640), and stated his interpretation an Assistant Assessor is second in command whereas an Administrative Assessor is administrative; not in a managerial capacity. If the case, he would expect the salary of the Assistant Assessor to be greater. Director Micali responded the Administrative Assessor is the managerial Assessor for the department. That individual is located in the office and manages office personnel. The Assistant Assessor is the individual who conducts the field work.

Councilor Boyd questioned the \$32,000 budgeted for Contractual Assessor Services, and was informed the line is for costs associated with Avitar Associates, the Town's contracted assessor.

Councilor Koenig noted discrepancies between line item totals and totals identified in the breakdown. Director Micali stated the line item totals are accurate, and noted he would make the necessary adjustments to the individual components.

When asked about the increase to Line Item 01-08-8334-0 Maintenance-Office Equipment, Director Micali stated it to be related to the upgrade of two servers (10+ years old).

### Media

Nicholas Lavalley, Media Services Coordinator, stated there to be no major changes to the budget. What changes from year to year are costs associated with office equipment (reduced by \$5,000).

With regard to Line Item 32-32-8504-0 Office Equipment, Mr. Lavalley stated the intent to be for upgrades to be made in the Matthew Thornton Room; replace laptop projector with one having HDMI connectivity, WiFi enabling device, upgrade of editing software including proper licensing, etc. He noted a typo in that the line identified as Additional Lighting for Community Studio should reference the Memorial Conference Room not the Community Studio. The intent is to add lighting similar to that in the Matthew Thornton Room. Other equipment is intended to cover costs associated with equipment replacement. Chairman Rothhaus questioned the figure of \$10,000 utilized for each of the items identified under Office Equipment. Mr. Lavalley stated the figures to be accurate estimates and similar to historical costs. He added the intent is to add five displays to the benches in the Matthew Thornton Room to allow for viewing of presentations being made from laptops.

Councilor Dwyer noted the department budget for FY13 was \$305,000 and the actual expenditure was \$209,567. The proposed budget for FY15 is \$270,933. Director Micali stated there to have been a period of time where two employees were lost and positions left unfilled, which resulted in savings in salary lines. There were also equipment purchases payment for which was made in the current fiscal year. The actuals listed only reflect expenditures prior to the start of the current fiscal year.

Councilor Boyd questioned the increase in Line Item 32-32-8280-0 General Insurance, Liability Insurance and Bonds. He noted costs in FY14 were \$1,696 and being proposed is \$1,899. Director Micali stated the insurance company reviews expenditures over the past two years. Two years prior a good deal of expenditures were made due to improvements to the Matthew Thornton Room, which resulted in an increase in insurance costs (9%).

Councilor Boyd questioned Line Item 32-32-8359-0 Other Outside Services, Admin. fee to General Government (\$17,437). Director Micali stated it to be based on the budget and the same formula used for the police outside detail, day camp, and Wastewater Division. Since they are a separate fund and receive funding from a source other than tax dollars, it is necessary to offset some of the administrative costs incurred in the Town Manager's Office and Finance Department.

Town Manager Cabanel spoke of revenue gained through the cable franchise fee. As the fund had built a substantial surplus, the decision was made, last year, to utilize some of those funds to offset general fund expenses. This year, the amount to be used to offset was increased. Director Micali stated the Town to be in the 5<sup>th</sup> year of its contract with Comcast. When negotiated, the franchise fees were reduced from 5% to 3.5%. With residents moving to digital, having additional boxes, etc., franchise fees are not falling as quick as believed would be the case. With that in mind monies gained through franchise fees were utilized to pay for the improvements made to the Matthew Thornton Room. After that, there remained a large balance, which has continued to grow. Last year a discussion was had around the needs of the department, which resulted in the fund balance reduction scheme being put back in place. Last year \$68,000 was utilized; however, the fund balance continued to grow. The proposal for FY15 is to utilize \$100,000 to offset the tax rate (general fund revenue). Director Micali stated revenue gained to be in the area of \$85,000 - \$90,000 each quarter.

### General Government

Director Micali remarked the budget is relatively flat. Line Item 01-01-8107-0 Wages – Part Time, includes a Computer Tech. position (20-25 hours/week). The Town currently runs 200 computers, has approximately 200 e-mail addresses, 116 phones, numerous copiers and faxes, over 100 printers, and dozens of unique software applications per department. Overseeing this function is one (1) individual. When this individual is on vacation he brings with him a laptop to address any issues that may occur. If unable to address the issue in that manner, an outside vendor is utilized. The addition of this position will assist the individual in performing smaller tasks that consume a portion of his time.

Town Manager Cabanel remarked one of the things looked at throughout the budget as individuals retire, etc. is succession planning. Should the current Technology Coordinator decide to retire, the desire is that someone other than an outside vendor be familiar with the operating systems, etc. of the Town.

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Director Micali touched on Line Item 01-01-8142-0 Compensated Absences, which has decreased approximately \$40,000 as the result of the lower number of employees reaching the age of 60/retirement eligible.

With regard to Line Item 01-01-8410-0 Elections/Voter Registration, three elections are planned for FY15 versus the 1 budgeted for in FY14, resulting in increased costs (\$5,626).

Speaking with regard to Line Items 01-01-8103-0 Wages - Supervisory (\$75,202 increase) and 01-01-8104-0 Wages - Other Full-Time (\$54,111 decrease), Director Micali stated the changes to be based on the way budgeting is done for the position of Deputy Finance Director.

Director Micali noted the inclusion of \$25,000 for Milfoil Treatment Expandable Trust listed under Line Item 01-01-8510-0 Transfer To Other Funds. In January of 2013 the expendable trust was reduced to a zero balance. The State has reimbursed the Town for monies expended on Milfoil remediation; however, it will not cover additional costs should they be incurred. If the need exists to expend the funds, a request would have to come before the Council. Director Micali informed the Council some of the landowners have begun donating funds to assist in addressing this issue. Councilor Harrington commended residents for their active involvement.

Councilor Boyd stated there to be a line item in the Community Development budget for Milfoil. Director Micali stated that to be for the Town to expend funds for Milfoil. The proposal being discussed is to set monies aside in the Capital Reserve Fund. When the special warrant article was passed it was set up so that the expendable trust fund would be under the guidance of the Town Manager. If budgeting for the expenditure of monies to address Milfoil, those monies would be allocated to and expended out of the Community Development budget.

Councilor Boyd questioned whether copiers and faxes are leased, and was informed they are owned by the Town. Director Micali spoke of the level of use placed on each piece of equipment and provided the example of the copier located in his office, which is 10-12 years old and has produced over a million copies. A review of the leasing option was conducted resulting in the determination it is less expensive to continue purchasing equipment outright and have service contracts in place. He noted the addition of a color printer for the Town Manager's Office, which will result in their current machine being transferred to the Finance Department, the Finance Department's machine going to another department, etc. The machines are used until end of life or when replacement parts can no longer be acquired.

Councilor Dwyer stated his support of the addition of the part-time Computer Tech. position.

Councilor Mahon noted the \$1,100 allocated for NHMA Annual Conference and seminars under Line Item 01-01-8352-0 Education & Training. Director Micali stated the expenditure would have to be reviewed to determine recent use.

Councilor Boyd questioned the \$5,000 expenditure allocated for Technology Coordinator - seminars and conferences Under Line item 01-01-8352-0 Education & Training. Director Micali stated the request was made to the Town Council by the Technology Committee. The recommendation was that additional funds be expended on training for the I.T. Coordinator. The request was approved by the

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Town Council. The allocation would be utilized for numerous training opportunities. Councilor Mahon suggested additional detail is used in the descriptions provided.

***The Council recessed at 6:51 p.m.***

***The Council reconvened at 6:56 p.m.***

#### Proposed Issuance of Debt

Director Micali spoke of the proposal being put before the voters relative to the Highway Garage and the issuance of a bond to cover expenses. The General Fund currently includes two outstanding bonds; Greens Pond, which will be retired in June of 2018 and Drainage Improvements, which will be retired in June of 2023. It was noted total bond payments in 2013 resulted in an increase to the tax rate of \$.17 and in 2014 \$.16. Adding the \$3.3 million bond (30 year) for the Highway Garage project to the debt schedule results in total payments for all bonds in FY15 having an impact on the tax rate of \$.19. That will increase over the next few years until 2019 when it will drop down to \$.14.

If the bond were a 25-year bond, the projections would be similar with the exception of the interest in the first year (FY15), which would be \$85,000 rather than \$100,000. In 2019 the impact on the tax rate would be \$.15.

His recommendation, should the project be approved, is for a 25-year bond. Comparing the two scenarios from 2015 to the end of the loan; by going to a 25-year bond rather than a 30-year bond would result in savings in the first year of \$19,000 or about \$.01 on the tax rate, from years 2016 to 2025 payments would be slightly higher on a 25-year bond, and from 2026-2040 savings would be gained by letting a 25-year bond. Total estimated savings is \$700,000.

Councilor Harrington spoke of the importance of relaying all of the financial information to residents. Residents are being asked to support a proposal to expend \$3.3 million and need to understand not only infrastructure improvement needs but also the financial impact, e.g., retirement of current debt as well as the benefits to be gained through a 25-year bond versus a 30-year bond. Vice Chairman Yakuboff suggested the focus of one of the television presentations on the proposal could be Director Micali presenting financial information.

#### Revenues

Director Micali stated interest income to have been reduced (approximately \$50,000) to more accurately reflect what has been seen historically. Other revenue sources were reduced; Administration from Funds by approximately \$40,000, recyclable revenue by approximately \$16,000, and Current Use Tax by approximately \$30,000. The franchise fee increase is approximately \$32,000. Motor Vehicle permits seem to be trending upward. As a result, the anticipated revenue amount was increased by \$100,000. The Convincer Grant is an offset; recurring grant with the Police Department and State. The monies are incorporated into the budget and offset by revenue. Other adjustments added up to less than \$10,000 in adjustments for all of the other revenue accounts combined. Revenues have increased approximately \$4,800 from FY14.

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Director Micali spoke again of gross budgeting and how monies intended to cover the cost of capital expenditures are saved over time (capital reserve funds) and transferred into the operating budget in the fiscal year in which the project is intended to occur. The monies are identified both under revenue and expense (100% offset). As a result, the revenue figure identifies an increase of \$1.3 million.

Councilor Boyd questioned the \$17,681 increase identified under Railroad Tax. Director Micali stated that line to be where the Convincer grant is recorded for the State. Town Manager Cabanel stated the internal spreadsheet could be adjusted to provide additional clarification.

Vice Chairman Yakuboff commented on the reduction in revenue associated with dog licenses. Director Micali stated that would be addressed during the departmental review.

**MOTION made by Councilor Boyd and seconded by Councilor Yakuboff to adjourn the meeting. MOTION CARRIED 7-0-0**

*The January 16, 2014 meeting of the Town Council was adjourned at 7:15 p.m.*

Submitted by Dawn MacMillan