



## Town Council Meeting Minutes

Thursday, December 5, 2013, at 7:00 PM, in the Matthew Thornton Room

Chairman Rothhaus called the meeting of the Town Council to order at 7:00 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.

The Council observed a moment of silence recognizing the passing of Granville "Mitch" Stearns, Jr., former Police Chief. On behalf of the Town Council and Merrimack Police Department, Chairman Rothhaus extended condolences to the Stearns family. He noted Mitch served the department in the '60s and '70 and was Chief of Police from 1968 until 1970.

### Announcements

Regular meetings of the Town Council will be conducted on Thursday, December 19, 2013 and January 9, 2014 at 7:00 p.m. in the Matthew Thornton Room.

Town Manager Cabanel introduced to the Council and viewing audience the new Director of Parks and Recreation, Mr. Matthew Casparius. Mr. Casparius has worked in the field for about 13 years and comes to Merrimack from Manchester-by-the-Sea, MA (a community of 5,500 residents and over 300 programs).

She spoke of his experience with revolving funds, which allow for the expansion of fee-based programs and participation by all ages. She remarked he was able to take his previous department to the point of operating as a self-supporting entity. Merrimack currently has a very good recreation program, but would like to expand some of those opportunities; work with MYA, youth that may not be interested in sports but perhaps in another area, work alongside the library and schools to address the needs of some of the younger children, and to enhance offerings to seniors.

Mr. Casparius remarked Merrimack is a great community. He sees a good deal of potential for the Parks and Recreation Department, and is looking forward to coming on board in January.

The Holiday Parade and Tree Lighting Ceremony were re-scheduled for this Sunday, December 8<sup>th</sup>, starting at 3:00 p.m. from The Commons.

The Parks and Recreation Department is still accepting registrations for the "Santa Calling" program. This program is open to the children of Merrimack, ages pre-school through second grade. Calls will be made December 17<sup>th</sup> and 18<sup>th</sup>. Registration forms are available at Town Hall, the Public Library and on the website; [www.merrimacknh.gov](http://www.merrimacknh.gov).

The Library will be hosting "Tasty Tidings: A Week-long Cookie Fest" from 12/16-12/22. Patrons are invited to visit the Lowell Room and enjoy its refurbished atmosphere and some holiday cookies! This is a tasty way for the staff, friends, and Trustees to say "Happy Holidays" to their patrons.

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At the December 17<sup>th</sup> Planning Board meeting, the Town and School District are scheduled to present their Capital Improvements Plans.

The Public Works and Police Departments are holding a food drive through January 1st to support the local food pantries. Donations may be made at both the Highway Garage at 80 Turkey Hill Road and the Police Station at 31 Baboosic Lake Road. The Police Department is still accepting applications for the Citizen Academy that starts on January 22<sup>nd</sup>. Please contact Community Service Officer Rob Kelleher.

**Comments from the Press and Public** - None

**Recognitions, Resignations and Retirements**

**1. Recognition of Highway Garage Committee Members**

*Submitted by Vice Chair David G. Yakuboff, Sr.*

The Town Council to recognize the members of the Highway Garage Committee.

Vice Chairman Yakuboff stated Certificates of Appreciation were being presented to those who participated in the Department of Public Works Highway Garage Committee. The group consisted of many individuals involved in the PWD as well as citizen representatives. He remarked it was one of the best committees he has had the pleasure of serving on. Members of the committee include Vice Chairman Yakuboff, Councilor Dwyer, Bruce Moreau, Rob Golemo, Adam Jacobs, Jon Schippani, Rick Hatfield, Rick Seymour, Eileen Cabanel, and Paul Micali.

Vice Chairman Yakuboff read the following Certificate language into the record:

*“In recognition for your services as a member of the Highway Garage Committee and recognition for your dedication and commitment to public service during your appointment as a member for the Town of Merrimack Highway Garage Committee, your service and devotion to the Highway Committee has been invaluable. We wish to extend you our sincere appreciation for your outstanding performance of duty.”*

Mr. Bruce Moreau thanked Vice Chairman Yakuboff for his leadership on the Committee. He spoke of joining the department at a time when the facility was new and that he will be retiring in a few years leaving behind a new facility for the next generation. He commented the facility is outdated and he is pleased with the solution the Committee reached and hopeful the Town will support the effort.

Councilor Dwyer remarked the Town is fortunate to have an employee such as Mr. Moreau and that it is people like him that make the Town special. He thanked him for his many years of service.

**Appointments** - None

**Public Hearing** - None

**Legislative Updates from State Representatives** – None

**Town Manager's Report** - None

**Consent Agenda**

**1. Souhegan River Walk Easement**

*Submitted by Town Manager Eileen Cabanel*

The Town Council to consider the acceptance of an easement with the School District for the Souhegan River Trail, which was identified in the Merrimack Town Center Pedestrian and Trail Master Plan as a critical issue and tasked to the Town Center Committee.

**MOTION made by Councilor Mahon and seconded by Councilor Boyd to move the Consent Agenda. MOTION CARRIED 7-0-0**

**Old Business**

**1. Sale of Town-owned Property - 19 Cabot Road**

*Submitted by Finance Director Paul Micali*

The Town Council to approve the sale of tax deeded property at 19 Cabot Road that was auctioned on October 26, 2013 for \$135,000.

Director Micali informed the Council on October 26, 2013, 19 Cabot Road was auctioned at Town Auction. The auction went quickly and resulted in four bids. The final offering was \$135,000. Requested of the Council was approval of the sale at \$135,000. Director Micali noted the second highest bidder to have been the bank, which owns the mortgage. If, for any reason, the winning bidder does not complete the closing, the property would revert back to the bank (\$130,000), which would pay the Town and themselves.

**MOTION made by Councilor Yakuboff and seconded by Councilor Harrington that the Town Council approve the sale of the tax deeded property at 19 Cabot Road, which was auctioned on October 26, 2013 for the sum of One Hundred Thirty Five Thousand Dollars (\$135,000) and authorize the Town Manager to sign any and all appropriate documentation**

**ON THE QUESTION**

Vice Chairman Yakuboff remarked the auction went very smoothly. It was noted there were 35 individuals who signed up to bid on the property. When asked, Director Micali stated the monies would be allocated to the FY14 budget as sale of property. As the amount exceeds what is owed in back taxes, proceeds would be sent to Probate. Probate will break out the monies owed to the Town of Merrimack. Town Manager Cabanel stated the Town to be first priority to be reimbursed for back taxes and associated costs.

**MOTION CARRIED 7-0-0**

## **2. MYA Contract Discussion**

*Submitted by Town Councilor Thomas Mahon*

The Town Council to discuss the continuation of the MYA contract per the motion made at the October 24, 2013 Town Council meeting.

Councilor Mahon noted, at the Council's October 24<sup>th</sup> meeting he made a motion to notify the MYA that they were in non-compliance with their contract with the Town. At that time, it was determined the issue would be taken up again at the Council's first December meeting. As of today's date, the audit has not been provided. He noted another deadline, which will be reached at the end of December, for a report from the auditor on the institution of internal financial controls and notification of which controls are in place.

He informed the Council of a chance meeting with a principle of the audit firm who stated of the numerous programs the MYA runs only 3 have similar accounting practices, which is one of the problems/issues he saw with them having internal financial controls. He noted the Council was told those controls were being put in place last July. Councilor Mahon stated the issue now to be that the 30-day notice has been given and the MYA continues to be in non-compliance. He noted no one was present from the MYA, and questioned whether they were notified of the meeting. It was stated the MYA was informed, during the October meeting, that the issue would be discussed again at the first December meeting.

Councilor Mahon stated the issue before the Council is the need to make a determination as to how to proceed. At this point, given non-compliance, the MYA is in default on the contract and, under the terms of the contract, the Council has the ability to determine the contractual relationship with the MYA has ended.

Councilor Dwyer stated it to be out of the hands of the MYA currently as the information is with the auditor. He stated he is inclined to provide the MYA a grace period until the auditor comes back with the report. With regard to controls, a formal notice should be provided. In addition, any further payments should be withheld until the required documentation is received. If the grace period expires without the documentation being provided, the Council could then make a determination as to how to proceed. He stated, for the record, he is of the belief they truly don't care to a certain extent. This has been ongoing for a year now, which, to him, means there are deep seeded thoughts of not caring about the audit or what the Council does. He stated his opinion the MYA is willing to walk away from the Town funds as they do not wish to be forthcoming about their books, and are of the mindset as a 501(c)4 they do not have to open their books for review.

**MOTION made by Councilor Yakuboff and seconded by Councilor Dwyer to terminate the contract between the Town of Merrimack and the Merrimack Youth Association**

### **ON THE QUESTION**

Vice Chairman Yakuboff commented, as previously stated by Councilor Dwyer, this issue has been ongoing. He questioned the number of times a line could be drawn in the sand before acknowledging it is being ignored. He does not believe waiting until the end of December will have a positive result.

The audit controls should have been put in place, and now it is known they have not and that no one is following appropriate accounting record keeping procedures.

Councilor Dwyer responded, although he has supported the motion by seconding it, he needs to be convinced as he has suggested, in an attempt to be diplomatic, to allow for a grace period.

Vice Chairman Yakuboff responded the MYA has received a 30-day notification, and questioned whether that would be considered a grace period given it came after the contract deadline. Councilor Dwyer remarked he believes it difficult as the Council has allowed the audit to continue. He suggested the Council should be sensitive to the fact monies are being expended to have the books audited, an audit the Council should have the right to see. Vice Chairman Yakuboff noted the MYA does not have to provide the Council access to the audit.

Councilor Mahon stated, in order to comply with the terms of the contract, the MYA has to provide the Council a copy of the audit. The contract calls for an audit to be presented to the Council by October 31<sup>st</sup>. On November 1<sup>st</sup> a letter was sent informing the MYA they were in non-compliance. Councilor Dwyer questioned if it was believed the audit would be complete in the next 30 days. Director Micali informed the Council, what he has gathered from his conversations is that the audit report is written, additional information has been requested, and the audit sits in the MYA's lap to provide additional information. When asked when the request was made for additional information, Director Micali stated the Town was asked to provide information, which was provided previously. Another request was made for more detailed information on the Monday before Thanksgiving. That information was provided the same day and the question posed of when the audit report would be provided. A phone call was received from one of the principles who stated the audit report is basically done; they are just waiting on additional information requested of the MYA. Director Micali stated he has not spoken with the auditor this week, and is unaware of whether or not that additional request has been responded to.

Councilor Harrington questioned, and was informed the requirement is to provide 30 days' notice of non-compliance. That obligation of the contract has been met. She spoke of the newly elected President of the MYA and stated her belief that individual should have been notified of the Council's intent to conduct this discussion. Councilor Dwyer noted the agenda was publicly noticed. Councilor Boyd stated the MYA was aware of the intent to conduct the discussion; it was included in the motion made at the October 24<sup>th</sup> meeting. Councilor Harrington suggested the Council consider postponing a decision until its next regularly scheduled meeting. Councilor Koenig suggested the Council consider requesting the MYA appear before the Council at its January 9, 2014 meeting. He is unsure the ramifications of cancelling the contract are understood, e.g., vacating the building, and that the Council is prepared to take that step and take over all of the existing programs. Councilor Mahon stated the Council has no influence over the programming. What the Council does have control over is the property. Councilor Koenig remarked without the facility the MYA has no programming.

Councilor Mahon stated such action would not prevent the individual programs from coordinating with the Parks and Recreation Department for the use of facilities. Councilor Harrington stated there needs to be time to make the consequences clear.

**MOTION WITHDRAWN**

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Councilor Mahon suggested the Council send another letter to the MYA informing them they remain out of compliance with the contract, that the Council understands they are trying to get the audit pieces put together, and given that is in process, will give them until January 9, 2014 to comply with the audit requirement, remind them of the deadline in place for December 31, 2013 and that no funds will be disbursed until the Council deems they are in compliance with the contract. That would require them to present an audit and some delineation of the internal financial controls in place.

When asked if the payments would be retroactive, Councilor Mahon stated that to be a decision the Council would have to make. Councilors Boyd and Harrington both expressed their opinions that payments not be made retroactive. Vice Chairman Yakuboff stated the need for a motion to deny the 2/3 payment planned for January as the contract remains non-conforming.

Chairman Rothhaus remarked if the situation at hand is, as has been said repeatedly, about safeguarding the taxpayers' money, it makes no sense. He remarked he is fed up with the entire issue and sees it as ulterior ideas that have nothing to do with safeguarding the taxpayers' money, but instead with a dozen other things. He remarked if it is about protecting the taxpayers' dollars what consequence would be necessary; if they don't take care of it they don't get the money. Going in circles trying to come to a conclusion about penalization just doesn't make sense.

Councilor Dwyer stated he does not view this as an issue around taxpayer dollars. He views it as running a business where a department within the company seems to be a financial mess and an audit is sought to bring any issues to light. To him the picture is not about saving taxpayer monies or the integrity of that, to him it is about a budget item within a department that seems to be loose. Chairman Rothhaus remarked the reality is it isn't a department or a contractor who is getting \$100,000 a year; it is a group of volunteers. He has agreed with comments made by others that they have had terribly sloppy bookkeeping practices, but again, the conversation amongst the Council has always been we have to protect our contribution to their cause, and if that is what it is really all about then all of this other stuff is, in his opinion, insane.

Councilor Koenig stated his understanding withholding the 2/3 payment is simply making the statement we will not continue to pour taxpayer money into a program that doesn't stand up and be accountable. He stated the Council is not penalizing them except to say it will not provide that portion from the time they are out of compliance with the contract. Chairman Rothhaus remarked for whatever reason some people believe they are hiding something which he disagrees with. They are going through the hoops, albeit late, to get the audit completed. He reiterated if that is what it is about, making sure the investment in their cause is protected, let's see if it is protected. If the audit comes back and says this is chaos, stay a million miles away, then that is what we do at that point. But if it is protected and things are good he would not want to penalize them.

Councilor Koenig stated he does not disagree with that, but believes it is a fairly big if. The Council has not seen anything to indicate that will come forward. He would be happy to see that happen. Chairman Rothhaus stated if it does not or if the audit reveals real concerns, he would have no issue with withholding the remaining funds. Councilor Koenig stated he agrees with a lot of what has been said, and the only issue he has is where the Council stands if the audit does not come back. He suggested the need to draw a hard and fast line in the sand that says we will either go forward or not. He stated his motion, if getting to that point, would be that the MYA come before the Council at its January 9, 2014 meeting with audit information and internal controls information to satisfy the Council

that everything is in control and they are responsible and responsive so that the Council can continue with the contract. Otherwise it is likely to be terminated on the spot. Vice Chairman Yakuboff and Councilor Harrington stated agreement.

Town Manager Cabanel questioned whether the intent was to withhold payments temporarily or permanently. Councilor Mahon stated there to be no motions on the floor to address that issue.

**MOTION made by Councilor Mahon and seconded by Councilor Koenig that a letter be sent to the Merrimack Youth Association (MYA) providing notification the MYA continues to be out of compliance with the contract, that the Council understands they are trying to get the audit pieces put together, and given that is in process, will give them until January 9, 2014 to comply with the audit requirement. The letter should make note of the December 31, 2013 deadline and inform the MYA no funds will be disbursed until the Council deems they are in compliance with the contract. In order to be deemed in compliance, the MYA would be required to present an audit and delineation of the internal financial controls in place. If not in compliance by the January 9, 2014 deadline, the contract may be terminated.**

#### ON THE QUESTION

Councilor Dwyer suggested the Council was not being clear with regard to the intent to withhold November and December payments. Councilor Koenig noted the motion was to withhold any further payments until such time as the Council moves forward. Councilor Body stated the larger question to be, assuming the MYA becomes compliant, are the payments made retroactively or simply begin again from the date they become compliant forward. Councilor Koenig remarked if the contract moves forward the MYA should receive all payments they would normally expect to get including past payments. He does not see a reason to penalize them unless they can't come forward and make good on the contract, in which case it is cut off and no payments are made. Councilor Harrington was not sure she agreed with that direction; however, acknowledged that decision did not have to be made at this time. Councilor Dwyer commented the audit will likely not be very good; however, that is not reason enough alone to make a decision to end the contract. The desire was for the completion of the audit. Councilor Mahon stated there to be no expectation, on his part, that the audit will come back clean. Councilor Boyd remarked the goal is to establish a foundation for moving forward.

**MOTION CARRIED 7-0-0**

#### New Business

##### **1. Review of Quarter Ending September 30, 2013 Financial Statements**

*Submitted by Finance Director Paul T. Micali*

Finance Director Paul Micali will review the key financial information for the first quarter of the 2013/2014 fiscal year.

Director Micali stated in creating the financial report, several financial indicators are used: overtime by department, auto registration, interest, building permits, revenues, health insurance, New Hampshire Retirement System, and overall appropriations by department.

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Health insurance costs have increased approximately 7.6% between FY13 and FY14. That increase is less than was anticipated/budgeted (15%). The small increase is a result of turnover in the first quarter (new employees have a 30-day waiting period). It is anticipated the range will be more in line with 12% once all employees are accounted for on the health insurance.

Trending is going up on costs associated with the New Hampshire Retirement System. Last year, the first year of the new biennium budget for the State, rates were changed for Police and Fire. The Town is expecting the increase moving forward and has budgeted for it.

Overtime is trending down by about \$90,000. The most significant change in trending is within the Fire Department. That is due to the receipt of a grant in the first quarter of last year, which resulted in a good deal of overtime. The department has fallen back in line with overtime. The Police Department overtime is down slightly, and most other departments remain level.

Councilor Harrington questioned why the increase in overtime for the Fire Department is included in the variation report given the cost was absorbed through the grant and not funded by the Town. She suggested it does not reflect what actually occurred with the Town's budget. Director Micali stated it can be removed as reimbursement has been made. He noted he wished to show a quarter-to-quarter comparison, and believes it will show up as adjusted in the next quarter because it was reimbursed.

Auto registrations are trending up in every area of the State, specifically in this region. The last time auto registrations revenue was up was FY12. Given consideration to 2-3 year automobile leases, revenue is expected to increase with trade-in/purchase of leased vehicles. Town Manager Cabanel remarked this is particularly important to the Town as it is the next highest source of revenue behind property taxes.

Building permits seem to have spiked in the first quarter, some of which can be attributed to Atrium Medical. It is believed the actual revenue will be in line with the budgeted amount.

Interest income is low. At present, the Town is negotiating with banks, which are giving 12-15 basis points. Basis points are percentage; 12 basis points is .12%. Director Micali stated the goal of \$125,000 for the year will not be reached unless some major change occurs with the interest rate.

Director Micali stated, at present, Town appropriations are healthy; he does not foresee a problem with overspending appropriations. He will continue to monitor revenues.

Councilor Boyd commented it appears department heads have been hard at work keeping overtime costs down, and commended them for those efforts.

## **2. Presentation of Proposed 2014/15 Town Manager Budget**

*Submitted by Town Manager Eileen Cabanel*

Town Manager will present her recommended 2014/15 budget to the Town Council.

Town Manager Cabanel provided a PowerPoint presentation (copy attached). She informed the Council information not previously known has become available. She highlighted some of the larger items affecting the budget. The Guaranteed Maximum Rate (GMR) for health insurance is 6.9%. The

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actual percentage of increase will not be known until April. That results in an additional \$145,422 or \$.05 as opposed to the estimated \$450,000 or \$.15 addition to the tax rate. Union contracts ratified, and resulted in an increase of \$.02 (every \$29,000 represents \$.01).

The previous information provided indicated an expectation of an increase in value of approximately \$5.5 million, which represents about \$29,000. Information has been provided by the contract Assessor that Atrium Medical will come in at \$7.5 million (remains \$29,000). The Town's entire value is \$2.93 billion.

Previously anticipated was a \$.23 increase in the tax rate. With the information now known, being proposed is an increase of \$.10 for operating type expenses and a \$.10 increase for capital expenses. The total proposed increase of \$.20, which would make the tax rate \$5.49 (Town only).

Speaking to the revenue lines, Town Manager Cabanel noted the anticipation of an additional \$100,000 in motor vehicle revenue, a proposed increase in the amount allocated to the general fund from the cable franchise fee (additional \$32,000 resulting in total allocation of \$100,000). She explained the cable franchise fee comes into the Town and is transferred to the media fund. The media fund then expends the funds. Now that all of the equipment is up and running and the department staffed, excess funds have been accumulating. The current balance is approximately \$500,000. Last year, for the first time, the Council redirected some of that revenue back to the general fund. Doing so again would have to be a decision made by the Council.

Chairman Rothhaus stated his opinion the fund exists as the result of a user fee, and those funds should be dedicated to the cable process. If not needed, he would be in favor of lowering the fee (was previously lowered from 5% to 4%). Town Manager Cabanel commented by transferring funds to the general fund it offsets the tax rate, and, through that mechanism, is given back to the taxpayers. Chairman Rothhaus commented, although a majority of the users are likely also taxpayers, the fee was paid/generated by cable users.

Town Manager Cabanel noted the addition of \$10,000 to Parks Maintenance Improvements; based on recommendations that would be generated by the Council and/or Parks and Recreation Committee. There is an increased cost associated with the proposal for a part-time position within the I.T. Department and a 5% increase is identified for overtime for the Fire Department.

The additional Capital Improvements include increased contributions to the Capital Reserve Funds (\$68,000), which are basically specific bank accounts set up for ambulances, roads, etc. Monies have been identified for Milfoil remediation (\$25,000), which would be placed in a fund to be used with a State matching grant should the Council decide to move in that direction. Funds were identified for the gas pumps at the Highway Garage (\$75,000). The decision was made to incorporate the cost of the gas pumps into the budget rather than a potential bond given the pumps are required to be replaced regardless of the outcome of the bonding request.

Virtual Town Hall (\$11,500) is new website software, which is highly recommended by the Technology Committee. The Committee would be happy to make a presentation to the Council if the desire exists. The website is currently hosted by a single individual/company. An additional \$100,000 has been identified for road paving (would result in a total of \$800,000).

The slide detailing the General Fund highlights total expenditures for each of the departments. Removed from those figures are Capital Reserve Fund deposits as well as non-recurring expenses from the prior fiscal year, road infrastructure, and capital reserve fund expenditures. Capital Reserve Fund expenditures are funds that have already been raised in taxes and set aside for specific purposes.

Identified specifically were items listed under Other Capital: General Government/\$12,500 – copier, Police/\$93,000 - three cruisers, Highway/\$75,000 - gas pumps, and Buildings & Grounds/\$9,000 - Town Hall facility and ambulance garage.

The next slide is a comparison of operating expenses from year to year. All of the non-recurring items from the current fiscal year were removed from the FY15 proposal. What it shows is the operating side of the house is proposed at a 1.76% increase. Proposed for Capital Reserve Fund Deposits is a net increase of \$93,000. Breaking that down; \$25,000 is allocated towards Milfoil, \$50,000 to bring the ambulance back up to where it should be. Listed under Fire-Trucks is \$75,000. Town Manager Cabanel spoke of attempts to reduce the fleet (extra pumper and ambulance). This past year one of the ambulances was disposed of and next year the plan is to dispose of a pumper truck.

Communications Equipment is for the Police Department as a way to set aside monies for a future project. Councilor Koenig noted the ambulance fund had an allocation of \$12,000 last year and has a proposed allocation of \$50,000. He questioned whether the expectation was to fund that at the same level (\$50,000) moving forward. Town Manager Cabanel stated that to be the case. Director Micali noted the \$12,000 allocated in FY14 was used, along with trade-in of two ambulances, to purchase a single ambulance. When asked, he stated historically \$50,000 has been allocated in each year. It was noted a similar situation will occur with the purchase of fire trucks in the coming fiscal year. There are currently three operating ambulances in Town.

The monies identified under Library (\$17,000) are intended to assist with the cost of roofing repairs. Thirty six thousand dollars has been set aside over time, and the anticipated cost of the necessary repairs is \$53,000. Cost for total roof replacement has been estimated at over \$100,000. Director Micali stated a majority of the repairs would be to the flat section of roofing; however, there are issues in the areas where the buildings meet (membrane roofing). It was noted, even if the building were to be sold and a new library constructed, the roof would have to be addressed.

Councilor Boyd stated his belief the library was gifted to the Town by an individual's estate, and as soon as the building stops being used as a library ownership reverts back to the estate. If that is the case, it does not support the argument of the necessity to repair the roof in order to be in a position of selling it should a new library be supported. Questions were raised as to whether or not there are remaining heirs, if the property would simply revert to probate, etc. Town Manager Cabanel stated she would have the documentation available for the Council's next meeting.

The slide entitled CRF Funds provides historical data on established Capital Reserve Funds. Each fund has very specific criteria associated with expenditure of funds. Each year monies are deposited into the funds to cover the cost of capital expenditures to avoid bonding. The balance as of 7-1-13 was \$4,261,424 and \$3,530,817 as of 6-30-14. The anticipated balance by 6-30-15 is \$2,081,817. The Sewer Line Extension Fund (\$868,161) has been retained for several years while attempts were ongoing to determine priority of work. A sewer master plan was prepared and identified a list of

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sewers to be addressed. The first on the list costs approximately \$868,000. In the Road Infrastructure CRF, a great deal more is proposed to be expended in FY15 (\$980,000) than was expended in FY14 (\$355,477). Three hundred thousand of that relates to road and drainage work that will incur in conjunction with the sewer line extension.

The following are proposed withdrawals from Capital Reserve Funds: Computer Equipment; \$50,000 to cover the cost of computer licenses/server upgrades, Fire; \$35,000 to cover the cost of a cardiac defibrillator / monitor / transmitter for the new ambulance, which would allow for WiFi capability in transit and \$35,000 for a command vehicle, Fire Station Improvements; \$60,000 for design for South Fire Station, Road Infrastructure; \$980,000 is to cover the costs of bridge replacement – Bedford Road (construction), McGaw Bridge (design), drainage improvements, and Wire Road @ D.W. Highway intersection (design), Highway; \$390,000 to cover the costs of 2 six-wheel dump trucks (H-24/H-25) and a utility tractor/roadway mower; and Sewer Infrastructure; \$50,000 for replacement grinder for Thorntons Ferry pump station and \$25,000 for manhole/sewer line rehabilitation.

In summary, the General Fund total proposed increase is \$652,048. Net increase in non-property tax revenue is anticipated to be \$4,853. Director Micali noted the revenue numbers include the School Resource Officer at the Middle School. The grant is ending on 9-30-14. The opportunity exists to apply for an additional grant in March, which would provide funding for an additional five years. Whether or not the grant application is successful will not be known until September of 2014, which is three months into the new operating budget. That revenue has been included as if it will be received. If not received, the Council will be made aware.

Monies to be raised through taxes (\$16,119,686) divided by the Town value (\$2.937 billion) result in the estimated tax rate of \$5.49.

When asked, Director Micali stated the State revenue received amounts to approximately \$1.1 million from Rooms & Meals and \$500,000 from the Highway Block Grant. It was noted there is the likelihood of an increase in revenue from Rooms & Meals.

Councilor Dwyer commented the Town Manager's strength is her budgeting background. He stated his support of the budget.

Councilor Harrington remarked each year the Council questions the distribution of staff, particularly within the fire and police departments, and requested the Town Manager develop a schematic or something similar that reflects how both departments are scheduled, e.g., number of personnel per shift and requirements with regard to supervisory personnel, etc. Director Micali stated that information could be provided during the departmental reviews.

Town Manager Cabanel remarked a lot of the budget preparation work is performed by Director Micali and the Finance Department staff. All of the salary and benefit information is generated from within that department.

## **Minutes**

Approve the minutes from the November 21, 2013 Town Council meeting:

**MOTION made by Councilor Boyd and seconded by Councilor Mahon to approve the minutes of the November 21, 2013 Town Council Meeting as presented. MOTION CARRIED 5-0-2**  
*Councilors Koenig and Yakuboff Abstained*

**Comments from the Press** - None

**Comments from the Public**

Wendy Thomas, Chairman, Merrimack Library Trustees

Informed the Council this past year a good deal of funds were been expended on the library. The air conditioning system failed during the summer months and was an expensive repair. The sprinkler systems are currently being addressed/fixd. The parking lot was intended to be sealed this year; however, funds were not available for that project. She stated the need for work beyond sealing to be performed (completely redone). The quote received for roof replacement was \$120,000, which the Trustees realize is not possible. They authorized a budget of approximately \$53,000 and will add Trustee controlled funds. The project will be one of repair rather than replacement.

She commented the building is a money pit. She reiterated a great deal of funds have been expended over the past year without a gain of any additional space. She remarked when it comes time to discuss a new library in Town she would like the Council to remember the amount of funds being expended presently just to maintain a building that will continue to deteriorate.

Ms. Thomas informed the Council the new Library Director, Yvette Couser, was been charged with creating programs for the library, and has met that directive; increased patronage has been seen, increased marketing, and increased children, teen, and adult programs. The Lowell meeting room has been cleaned out and is being used for events. All of this is being done with a very tight budget.

One of the things the Trustees had suggested was a 2% raise for the non-union employees, which was removed from the proposed budget presented to the Council. She noted some employees are being lost to local libraries that pay more. She commented the employees have not received an increase in years. She stated the Trustees feel very strongly about this, and will be making the recommendation that the 2% be put back into the budget.

**Comments from the Council**

Vice Chairman Yakuboff congratulated Chairman Rothhaus on the birth of his first grandchild. He also expressed Birthday wishes to Councilors Harrington and Koenig.

Councilor Koenig noted the Planning Board is scheduled to formally adopt the 2013 Master Plan at their December 17<sup>th</sup> meeting. The adoption will complete a nearly three-year process of community engagement, plan development, and hundreds of hours of work by staff, volunteers, and the consultant, VHB. Staff wishes to thank the many members of the community and the Steering Committee for their dedicated and hard work to bring this important project to fruition.

Approved: December 19, 2013  
Posted: December 23, 2013

At its last meeting, the Planning Board granted conditional approval to Nanocomp Technologies Inc. for their expansion at 57 D.W. Highway. They are currently occupying about 1/3 of the building and look to occupy another third. To do that they had to raise the roof in the middle portion to match the roof lines. Because of its proximity to D.W. Highway, a variance was required from the Zoning Board. Nanocomp currently has approximately 55 employees at this site. After the expansion of the remainder of the building the employee count is expected to increase to approximately 180. The upcoming expansion is due to be completed by mid-late 2014.

Councilor Mahon stated the Conservation Commission's Grater Woods Sub-Committee will be constructing a bridge off of Beebe Lane on Saturday. Any and all volunteers are welcome to participate. He noted the Commission is moving quickly in addressing the "minimum required infrastructure projects to support future land use and other projects" as identified in Appendix E of the Stewardship Plan (Plan). Councilor Mahon stated his belief the confidence the Council showed in the Commission by adopting the Plan and their assurances that they would work on these items is paying off. Councilor Boyd commented on the pro-active nature of the Commission, and commended members for their actions.

Councilor Boyd remarked over 200 people participated in the Merrimack Rotary 5K. He commended the Rotary for again putting on a nice event, and thanked the Police Department for providing logistical support.

Councilor Boyd wished the members of Merrimack's Jewish community a Happy Hanukkah.

Chairman Rothhaus thanked his colleagues for their well wishes on the birth of his grandson, Michael Finlay.

Councilor Dwyer commented because Ms. Thomas spoke during public comment he felt compelled to respond. He stated he does not wish for what he views as extreme sentences to be put out to the public. He stated there to be difference of opinions with comments such as the building is falling apart or the parking lot needs to be reconstructed. He remarked there are buildings in Manchester, Nashua, and throughout New Hampshire that are on their 200<sup>th</sup> or 300<sup>th</sup> year because they are made out of brick. The library is made out of brick. That building could stand for 1,000 years. He stated his strong disagreement with comments indicating the library building is falling apart.

He commented he is a supporter of a successful library; is not looking to cut their budget in the upcoming season; however, receiving over a million dollars a year from the Town is not a tight budget. He strongly suggested to the Trustees and/or supporters of the library if they wish to know the pulse of the Town on the issue, they could get a Citizen's Petition and put a non-binding question on the ballot relative to whether taxpayers would support a new library. With that knowledge available, the Council could act.

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

*The December 5, 2013 meeting of the Town Council was adjourned at 9:20 p.m.*