

Approved: January 28, 2016

Posted: January 29, 2016



Town Council Work Session Minutes

Monday January 11, 2016, at 6:00 PM, in the Matthew Thornton Room

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

Pledge of Allegiance

Chairman Harrington led in the Pledge of Allegiance.

Announcements

The Town Council will conduct budget meetings on Thursday, January 21st, and Monday, January 25th at 6:00 p.m. in the Matthew Thornton Room.

Regular meetings of the Town Council will be conducted on Thursday, January 14th and January 28th at 7:00 p.m. in the Matthew Thornton Room.

Review of Proposed FY17 Budget

Assistant Town Manager/Finance Director Micali noted for every department, the budget will identify a 53rd week of payroll. He explained the Town pays its employees weekly. With 365 days in a year, if you calculate 7 days per week times 52 weeks it totals 364 days. You pick up a day every so often, and in a leap year you pick up 2 days. You have to make up for that through accounting practices to ensure at fiscal year-end (June 30th) your payroll for the last week in the month of June is accounted for in the right fiscal year. It just so happens that this year there is a 53rd week of payroll. He remarked, in his 11 years with the Town, this will be the 2nd time the Town had to do a 53rd week of payroll.

Library

Jennifer Jobin, Office Manager, Merrimack Public Library, noted the \$16,670 that is listed under Line Item 01-15-8103-0; Wages - Supervisory in the department's budget, but was removed from the Town Manager's proposed budget, represented the proposal by the Library for a 2.5% cost of living increase for all employees. She stated the Library is not requesting those dollars be added back into the budget. It was recommended that the department look at health insurance options. They have been crunching numbers associated with a switch to an SOS plan with deductibles. They come close on that (approx. \$2,000 short). They are calculating based on the maximum rate, and it is not known if that will come out lower come April. If that is achieved, the cost of living increase could be provided to the employees while staying within the parameters of the proposed budget.

Yvette Couser, Director, Merrimack Public Library, stated the Library is looking to add two positions; summer Library Student Intern (10 weeks) and a part-time Secretary for the Director. She spoke of past experiences seeking unpaid interns (library students), which were not successful. Ms. Jobin noted the position of Aide I – Technical Services is a position no longer at the Library.

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Director Couser stated the desire to add \$1,500 to Line item 01-15-8107-0; Wages - Custodial, to hire someone, on a seasonal basis, for snow removal/landscaping. She commented it is challenging to contract someone to simply shovel.

Director Couser spoke of Line Item 01-15-8143-0; Incentive, which is proposed to be funded at \$1,500. Those dollars would be utilized to award staff person(s) a financial incentive for excellent work. Councilor Rothhaus stated his recollection the incentive program the Town has is used to reward an employee for bringing forward an idea that could result in cost savings for the Town. Assistant Town Manager/Finance Director Micali stated that to be part of the incentive. The other part is recognition of excellence. There is a dollar amount listed in the General Government budget for that (\$5,000).

Director Couser stated the desire to show more clearly how the telephone lines are bundled (Line Item 01-15-8260-0; Telephone & Services). There is a slight increase in Line Item 01-15-8270-0; Dues & Fees, which is related to staff attending more professional development opportunities including conferences.

Some adjustments have been made to Line Item 01-15-8321-0; Maintenance - Buildings, e.g., increase to air conditioning line and decrease to trash removal, etc.

Line item 01-15-8352-0; Computer Services identifies a proposed increase of \$4,000, which represents the anticipated increase in dues to the Library consortium or the Greater Manchester Integrated Library Cooperative System, Inc. (GMILCS). Chairman Harrington noted the proposed budget indicates costs for both Comcast and FIOS. Director Couser stated the Library has to keep its Comcast separate from the staff side. There is internet for staff (DSL line), which is much more protected (increased number of firewalls) and internet for the public (Comcast), which has a more typical level of protection.

Councilor Koenig questioned the \$192 identified for the yearly cost for Comcast, and was told the Library is always searching for cost saving measures. Councilor Koenig clarified he thought it an incredibly low number. Director Couser stated it to be \$19 and change each month. When the differential between Comcast and Firstlight was questioned, Director Couser noted the internet for staff is all inclusive, e.g., website, catalogue, etc. She stated the library is looking into the possibility of moving to a different email host.

Councilor Boyd questioned if the Firstlight FIOS, as it relates to the GMILCS, provides that access to the different libraries within the GMILCS, e.g., if a certain book is not available in Merrimack, but might be in another community within the GMILCS.

Director Couser responded she is not tech savvy, and relies upon what is recommended. One of the things Firstlight is doing is moving to FIOS. The Library does not yet have FIOS, but they are looking to move to it, and in doing so would receive a more favorable rate. For Merrimack it would be a cost saving move because the Town already has FIOS and there is a line right outside of the building.

Director Couser stated the dues paid to participate in the GMILCS are based on a formula that is determined by the number of card holders, number of items the library has, number of computers on the staff and public side that have the catalogue (pay for each site), etc. Councilor Boyd remarked whether the internet connection is dial-up versus FIOS would not make a difference. Director Couser

replied it would not, but what is being heard from Firstlight is that FIOS will be faster, etc. When asked, Director Couser stated there to be 12 or 13 communities within the GMILCS. Councilor Boyd commented if something like that were to come to fruition and the cost for 13 communities were in the area of say \$13,000 for example, based on the numbers, it would be cost effective to participate and have them use their FIOS system. He asked if it would be pro-rated based on the size of the community.

Director Couser replied those are two different things. It would be less expensive for the Library to have FIOS than it is for the current cable line because fiber is already available in Merrimack. That is separate from the dues for participation in the GMILCS. Councilor Boyd stated his impression to be that there had been conversations at the GMILCS level to look at FIOS; that the communities that participate in the GMILCS collectively make the switch to FIOS, and that the cost of doing that be included as part of the dues. That could result in the cost of dues increasing slightly; however, would be an alternative to paying the GMILCS dues and then having to go out on the market and buy something that is compatible for the database you are trying to access.

Director Couser responded the last time this was discussed by the Board, the possibilities were vastly uneven in each community. One community doesn't have the possibility of FIOS yet whereas Merrimack could easily make the switch to something faster and more cost effective. For some of the communities it was a real challenge, and they were not in favor of the idea. There had been discussions of making it a group purchase, dividing it based on the formula, and it became so much more expensive, particularly for Merrimack that it did not work out.

Councilor Dwyer commented he had questioned what the cost was 2-3 years ago, and was told in 2013 it was around \$30,000. He remarked to the comment made that the Director is not computer savvy, he noted the Town has a Technology Committee that looks for areas of savings, etc. It may be that the Library could get assistance from those within the Town to look to see if there is a better price available. He commented this year the cost is \$41,000, but two years ago it was \$30,000. Chairman Harrington stated the \$41,000 is the cost of dues to participate in the GMILCS. Councilor Dwyer suggested the Technology Committee may be able to point to another company, if there is a better way to get the services.

Director Couser stated a few years back she was informed of the fiber drop outside of the Library and the suggestion was made that she speak with the Technology Committee. The GMILCS was not yet involved in discussions of FIOS. The Library met with the Technology Committee and discussed email addresses, which were moved from the Library holding them to the municipality. Councilor Dwyer commented it may be that even after further investigation the cost is simply what it is. Director Couser commented the Library is always looking for cost saving measures. The \$41,000 being discussed is the cost of dues to participate in the GMILCS. There is a lot that goes into that participation, which the Library wishes to protect.

Vice Chairman Mahon stated, as a matter of personal curiosity, he would like to understand the algorithm used to determine the cost of dues. Director Couser replied she has asked for that information in the past, and can make another request. Vice Chairman Mahon noted they are a public body, and gaining that information should not be troublesome. Director Couser stated, as a Board member, she wishes to know.

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Director Couser noted as part of the formula they had to add two van deliveries. The State has a van system for the libraries. If requesting a book from Concord, it would be put on the State van and brought down to Merrimack within a few days. The van service was cut because of what was occurring with the State budget a few years back. The GMILCS board voted to add another currier van. There is now a currier van and a State van. The currier van takes care of more frequent deliveries as there is the desire to move GMILCS materials between the GMILCS libraries efficiently.

Director Couser commented the increase in Line Item 01-15-8420-0; Advertising is related to the Board's desire for her to do more outreach.

There is a slight increase in Line Item 01-15-8450-0; Library Materials. The desire is to increase graphic novels and Manga books in the teen area. Having seen the increased need, the teen librarian wishes to build that collection. Manga books are Japanese comic books.

Director Couser commented the Library changed their electronic and digital magazine hosting to Revistas, which resulted in a cost savings. The item listed as OverDrive is the downloadable audio books and electronic magazines that are offered through the State library. Previously that cost was absorbed by the Trustee funds. The Library would like to add streaming video as another option. That is being looked at. If going with Hoopla the Library may be able to get streaming music and video together. Currently electronic music is separate. Depending on what is available from the vendors, it is a possibility some of the services could be bundled resulting in a cost savings.

Councilor Dwyer questioned if there is a model to go by with regard to Hoopla. Director Couser stated Bedford has Hoopla. She commented when looking at services she considers issues such as a non-resident going to the Bedford Public Library being able to get a Bedford Town card for whatever they charge for a non-resident card, then the individual could get the particular service that is only available to Bedford residents. She stated the desire to be competitive, and offer the same kind of services. Councilor Dwyer questioned the cost of a non-resident card in Merrimack, and was told it is \$100. Vice Chairman Mahon questioned the content in something such as Hoopla. Director Couser stated it to be a mix of movies.

Councilor Koenig questioned if the offering of streaming video means the Library will obtain a license from the company that patrons could effectively piggyback on to stream video to their item or if the Library streams it to Merrimack somehow. Director Couser stated the Library would buy the subscription, and library card holders would stream it to their device. Library card holders would log in with their library card number and the company would recognize the permissions. It was clarified the service is not yet available. However, the Library is budgeting what it anticipates the cost to be. Vice Chairman Mahon commented his only concern would be the overlap between the services. Director Couser remarked with 3M and Overdrive there is a little bit of overlap, but not a lot. For movies they are still looking at vendors to see what is affordable and would balance the collection.

Director Couser noted Line Item 01-15-890-0; Capital Reserve Fund (CRF) Purchases identifies the desire to pave the parking lot and front sidewalk.

Director Couser stated the Trustees wished to show the amount they contribute to maintaining the Library; parts of a collection, some of the building, etc. .

Assistant Town Manager/Finance Director Micali stated when looking at the budget as a \$1.1 million budget, if those numbers had been included, it would have required the budget to be increased by \$30,000, and then we would have reduced it by \$30,000. Had they just included the \$30,000 contribution it would have lowered their budget by \$30,000 when in fact that would not have been the case. He felt the need to discuss this first, and perhaps in next year's budget presentation to have that presented.

He explained the Trustees of trust funds have some accounts they can spend out of that do not come in this appropriation, and the Secretary of State and the Attorney General have said that is perfectly fine; that they can spend these monies on anything they want to spend the money on as long as it is related to library services. Director Couser stated it is money that comes in as fines. Councilor Vaillancourt asked, and was told approx. \$3,500 comes from the Trustees of the Trust Funds.

Town Manager Cabanel stated her assumption there is a trust fund that the \$3,500 comes from every year, which is different than the Library expending funds from some of the revenues they get from other sources. Those go into a separate fund that is under the auspices of the Trustees of the Library. As an example, copier fees, late fees, lost book fees, etc., come together and go into an account. They have the ability to pull money out of that and use it for various projects, etc.

Ms. Jobin noted there are stipulations on what those funds can be utilized for; funds from revenue generating equipment such as a copier can be spent on building repairs, etc.

Councilor Vaillancourt questioned the differences between some of the building improvement and maintenance line items. Specifically; last year's budget included \$15,000 under Line Item 01-15-8502-0; Buildings, and this year there are no funds allocated to that Line Item. She questioned the difference between that line item and Line Item 01-15-8510-0; Capital Reserve Fund, under which \$35,000 is proposed to be allocated for "Transfer to Library Building Maintenance Fund". Town Manager Cabanel stated the description of Transfer to Library Building Maintenance Fund indicates those monies are being put into the savings account. A review was done of the Capital Improvement Plan (CIP), and planning has started for those identified projects. When you see CRF purchases it indicates utilizing monies that had been saved for particular projects.

Assistant Town Manager/Finance Director Micali stated there are other smaller projects that are not capital reserve projects. That is what the \$15,000 was allocated for. Those types of projects could be painting the front door, new bookshelves, etc. Director Couser commented on last year's project to redo the magazine area and make it the teen area. All of the materials from that room were moved to the window. The magazine area is now situated by the north window. She spoke of the second half of that project being performed this year. There will be the need for additional electricity dropped on the main floor because of how they want the furniture to be rearranged to create better seating for patrons and a better flow for the work area. Four existing electrical poles will be shifted around and three additional ones dropped.

Town Manager Cabanel reiterated CRFs have very specific stipulations with regard to what the monies can be expended for. She offered to provide the Council with a list of all CRFs to allow for a review of what the specific allowed expenditures are for each.

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Councilor Boyd questioned Line Item 01-15-8104-0; Wages - Hourly; specifically the hourly rate for the summer Library Student Intern. Director Couser stated the hourly rate to be \$11. It was noted the line would be amended to read \$2,200.

Councilor Koenig commented the proposed FY17 budget indicates a 9% increase over the FY16 budget. Presumably some of that is due to the 53rd week of payroll and the parking lot. He questioned if \$45,000 would be taken out of Line Item 01-15-8910-0; CRF Purchases, for the parking lot and sidewalk paving and only \$35,000 put into Line Item 01-15-8510-0; Capital Reserve Fund, resulting in a \$10,000 delta.

Town Manager Cabanel stated there was a 3.93% increase in operating funds, which comes to \$39,435. Part of that is the 53rd week of payroll. There is an increase in Line Item 01-15-8450-0; Library Materials. Line Item 01-15-8502-0; Buildings is proposed as a decrease of \$15,000. Councilor Koenig noted the \$55,000 increase in Capital Outlay.

Town Manager Cabanel stated if beginning with the budget she has proposed and subtracting the amount of appropriations from FY16, the difference is \$94,435. Forty Five thousand of that is new, which is a CRF purchase that will come from revenue. That can be subtracted from the difference between the two. You can also subtract \$25,000 for the Transfer to Library Building Maintenance as it is an additional amount, and add back in \$15,000 for the repairs. Councilor Koenig questioned why the \$25,000 transfer to the CRF would be subtracted out as it is an additional tax base cost.

Town Manager Cabanel remarked she was simply explaining the increases. If you were to subtract from \$94,435, the \$45,000, which is coming from CRF you get \$49,435. Divide that by \$1,032,743 (FY16 approved budget), the result is a 4.7% increase. Councilor Koenig noted a portion of that is the result of the 53rd week of payroll. Town Manager Cabanel noted \$10,000 is for additional Library materials. Last year \$10,000 was put into the CRF, and this year the proposal is for \$35,000 to go in (delta of \$25,000).

Councilor Koenig remarked the \$35,000 being put into the CRF is to cover the cost of future expenditures. Assistant Town Manager/Finance Director Micali remarked when the roof project was done the CRF was depleted. The intent is to replenish the fund to cover costs associated with the sprinklers and the HVAC system (approx. \$100,000 cost), and security measures related to access into staff areas. Those are the items being looked into for the next 3-5 years.

When asked, Director Couser stated the HVAC is an ongoing issue. She spoke of outdated panels and parts that no longer exist. She commented when questioning the cost of replacing the whole unit, she has been told you don't want to know that number, and that they recommend replacing it piecemeal. The cost was estimated.

Town Clerk / Tax Collector

Diane Trippett, Town Clerk/Tax Collector, stated the proposed budget is straightforward; no new programs or personnel. There are a few minor increases proposed, most of which are related to election cycles. A request has been made for a temporary increase in hours. One of the part-time positions is eligible to pick up some extra hours. There is one on-call part-time person in the office that typically covers the express window at tax time. The individual comes in during employee

absences and helps keep up with the workflow. The department is planning to utilize this person for elections as well.

Line Item 02-24-8230-0; Postage is increased by \$2,500. The increase is to account for absentee ballots. They cost about \$1.00/each, and an increase of approx. 2,500 is expected this year.

An increase has been requested to Line Item 01-24-8270-0; Dues & Fees primarily to cover the Deputy City Clerk's position. Ms. Trippett commented when there is an urgent alert, an email tree, etc., it comes to the dues paying member, which is the Clerk. If she is out on vacation, etc., the Deputy Clerk does not get the alert unless made aware of it by a neighboring town. In addition, she is trying to have the Deputy Clerk take a more active role with both the City & Town Clerk's Association and Tax Collector's Association. Ms. Trippett stated she relies heavily on the Deputy Clerk, and would like her to take a more active role. She has been active in the education for the joint certification program, and she would like her to start coming on board with some of the boards. It is a tremendous benefit to the Town of Merrimack to have someone who is actively attending those meetings and being involved.

Other minor increases can be seen under Line Item 01-24-8300-0; Travel & Meetings and Line Item 01-24-8352-0; Education & Training. The increases are primarily to reflect that all personnel now have to go to training. The Department of Motor Vehicles (DMV) offers training twice a year now. The department is trying to get 6-7 people to training twice a year with the DMV. There are travel costs and registration fees for some. With the additional part-time person, those increases reflect sending all staff.

Line Item 01-24-8334-0; Maintenance - Office Equipment went up due to uncontrollable annual support contracts. There is a slight increase in Line Item 01-24-8430-0; Dog Licenses as a result of registering more dogs.

Councilor Dwyer requested an update on the potential of making payments with credit cards. Ms. Trippett stated the Council approved the department being able to accept electronic payments about two years ago. The department is in the process right now of putting the final plan together. It was hoped to be in place after the first of the year; however, with changes in the law and the primary election, the department has fallen behind on that. Currently the goal is that it be up and running some time in February and perhaps as late as early March. She stated the public response to be phenomenal.

Councilor Vaillancourt commented the tax window is great as is the e-registration. She is pleased with how the Town is moving along with the services being offered to the citizenry.

Councilor Vaillancourt stated she has noted in this and other department budgets that the budget proposed by the Town Manager shows a reduction to the department for the line item for telephone. Assistant Town Manager/Finance Director Micali responded it is his department that does all of the cost allocations for telephone for the entire Town. After contacting the provider, and making them aware of the intent to go out to bid, the bill was cut by about 1/3. That is what is reflected in the reductions. He spoke of having knowledge of what other vendors would offer, and understood what the current vendor was offering in terms of a reduction was a good deal. As a result, the Town signed up for a two-year deal. When asked, he stated there was a month remaining on the existing contract.

Community Development

Tim Thompson, Director, Community Development Department, stated the significant difference between what is being proposed for FY17 and what was allocated for FY16 includes a CRF expenditure for the GIS project (Line Item 01-21-8910-0; Capital Reserve Fund Purchases, which will be for the flyover and the development of photometric mapping; new base mapping for the Town's GIS system. If that project were not part of the budget, the difference between this year's proposed and last year's approved budgets would be \$987. That also takes into account the 53rd payroll week. The Town established a GIS CRF a few years back. We are now going into the 3rd payment into the system (\$65,000) after a \$10,000 initial payment two years ago. In talking with the GIS consultant, it is believed the project will be able to be achieved for less than the \$130,000 proposed for the CRF expenditure. If that is the case, monies will remain in the CRF for future projects.

Councilor Boyd questioned the reduction to Line Item 01-21-8351-0; Consultants, for the Master Plan Implementation. Director Thompson stated the majority of the work seen to be upcoming for the master plan implementation will be done in-house by staff. Last year's allocation anticipated utilizing funds for the Nashua Regional Planning Commission (NRPC) to work on the bike pedestrian plan. That project was stopped, and the committee has suspended its activities. Not having to move forward with that is one of the reasons the line item was able to be reduced. He has also shifted some of those funds due to having two aging copiers in the department that will likely need significant maintenance and upkeep.

In terms of Economic Development projects, he anticipates he will be working with the Assistant Town Manager/Finance Director Micali and the folks from Virtual Town Halls and Schools to get the Economic Development section of the website, with the real estate listing project incorporated, into the Town's website in this coming fiscal year. The department will also be working on an economic revitalization overlay district that would encompass the former Merrimack Hotel site and the former Shaws site initially. The Planning Board provided the department the go ahead to start working on that a few months ago.

Following a joint meeting with the Conservation Commission and the Planning Board there are some regulatory amendments needed to bring some consistency into the regulations in terms of what the Commission typically requires and requests of developments. Those will be codified in the regulations.

Town Manager Cabanel informed the Council Anheuser Busch is moving forward with their project. Vice Chairman Mahon stated it to be 20,000 sq. ft. larger than previously approved. Director Thompson stated the original proposal from March or April of last year was for the intended expansion to their can line. They had not officially gotten the go ahead from corporate in St. Louis. However, the Plant Manager and his team wanted to move forward and get that project approved knowing there might be some projects coming down from corporate. What they are now looking to do is a specialty brewing expansion. Given the various smaller breweries they have acquired, e.g., microbrews, certain specialties types of beers; they will be starting to brew some of those here in Merrimack as well as some of their other facilities across the country. That is the initial phase of their expansion. The second phase would be some additional packaging and warehousing expansion. In total, it will be about 72,000 sq. ft. of new building additions at the facility.

Director Thompson noted he tracks the number of project meeting agenda items that go before the Planning Board and the Zoning Board of Adjustment each year. He also tracks staff time spent

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staffing those land use board meetings. For 2015 there were 112 project agenda items between the two boards and his staff in all spent about 77 hours staffing those meetings as well as the bike pedestrian sub-committee meetings, while it was still in existence, and the Economic Development Citizens Advisory Committee (EDCAC).

Director Thompson commented he went back to 2011, which was his first year in Merrimack. The number of hours spent by staff staffing land use boards has gone from 140.5 in 2011, 104 in 2012, 77.5 in 2013, 115 last year, and 77 this year. The number of projects is relatively consistent year to year for at least the last two years. He credited the boards with how they have bumped up their efficiency in handling some of the more complex agenda items, which he believes to be one of the reasons there has been a slight decrease in terms of staffing hours. A secondary reason is as staff continues to mature and gain experience he does not have to send 2 staff members to board meetings.

Councilor Koenig questioned if the 77 hours is time spent in the meetings, and was told that is all it is. That does not include time spent preparing memos, meeting with developers, staff, applicants, real estate people, etc.

Media

Nick Lavallee, Media Services Coordinator, stated the proposed budget is nearly identical to that of FY16. There are no additional hires or major renovations. The department is cycling through equipment that requires replacement; namely the cameras and switcher (approaching 6 years of life) in the Public Access studio (Line Item 32-32-8504-0; Office Equipment). He commented an increase in programming is being noticed, not because it is an election year, but that is part of it. Noted in the budget are line items for each project. The description Media Staff Hardware should be replaced with Lighting and Furniture (\$10,000). That is for lighting and furniture in the studio itself.

Mr. Lavallee commented there is focus on the Public Access end of things in this year's budget because the past few years were spent making upgrades to the Matthew Thornton Room as well as the Memorial Conference Room. The Public Access side also includes the editing systems and media classroom, which are also approaching 5-6 years of life.

Assistant Town Manager/Finance Director Micali remarked it is basically a flat budget. The costs are paid by the Cable Franchise fees. Town Manager Cabanel stated over the past 3 years or so the Town has been receiving more than sufficient revenue to fund the media fund with the Cable Franchise Fee. More and more of that fee has been put into revenue in the General Fund.

Mr. Lavallee spoke of Holly Morales and the Friends of the Merrimack Dog Park utilizing the department's cameras, editing classroom, and working with the staff to create that PSA that resulted in the \$25,000 award for the dog park.

General Government

Assistant Town Manager/Finance Director Micali stated Line Item 01-01-8142-0; Compensated Absences shows a decrease from prior years. What the department does is look at the New Hampshire Retirement System to determine who is eligible to retire, and because generally accepted accounting principles say if they are eligible to retire you have to record it, the ages are reviewed to carry forward

the necessary funds. This year 3 people will be eligible to retire. Staff turnover is typically in the 6-7 range, which is also budgeted for. It was noted the costs are not placed within the individual department budgets as a means of avoiding spikes in those budgets in any particular year.

In Line Item 01-01-8293-0; Legal-Other, the \$150,000 allocation is constant. However, this year because the Town is negotiating 6 union contracts it was believed prudent to take an extra \$25,000 for legal advice during negotiations. It has been discussed in-house, and it is felt not knowing what the intervener status will be and what the need will be for legal advice during the coming fiscal year with regard to the proposed NED Pipeline project, it would be prudent to put the \$25,000 from negotiations into the Kinder Morgan portion of that.

Councilor Boyd questioned if it is believed to be sufficient funding. Assistant Town Manager/Finance Director Micali stated he is uncertain. Since the onset the Town has expended approx. \$50,000. Councilor Boyd stated his belief something the Town should assume is that there may well be the need for legal counsel to travel to D.C. on the Town's behalf. Town Manager Cabanel suggested that bridge could be crossed when we get to it. She stated the budget to be unlike others in that each year there are variables such as weather that can have a large impact in both directions. She stated she is not concerned, and is confident if additional funds were needed there would be a means of addressing that, e.g., re-prioritization.

Line Item 01-01-8410-0; Elections/Voter Registration has been increased based upon the number of elections in the coming fiscal year.

Line Item 01-01-8460-0; Other Operating Expenses has increased. The Last Rest Cemetery requested \$10,000, and the Town Manager felt \$5,000 would be adequate for the front section. Assistant Town Manager/Finance Director Micali remarked after the last meeting he received an email that he wished to respond to by stating yes, the Town is aware that there are perpetual care funds for that front section. However, back in the 1800s there was not much in interest on perpetual care funds for \$1 in that area. That has the Town tomb, which does not have any perpetual care funds, and other issues. Another reason why it was believed prudent to assist the cemetery with the \$5,000 is based on the fact there is a State Statute that says the Town needs to have a cemetery. We have a cemetery. It is over by the South Fire Station. We have plots over there. However, in talking to the Last Rest Cemetery they have stated they could get about another 15 maybe 20 years by doing their expansion project in the back. By helping them out with the \$5,000 for maintenance they can put monies towards the expansion of their cemetery in the back section towards Hillside Terrace. That gives the Town a little more time to come up with a plan to see where we want to put the next cemetery. That expansion also expands the life of the cemetery over by the South Fire Station.

Councilor Rothhaus commented he suspects part of the difficulties they have encountered lately is the low, low safe investment rate that municipalities generally get. Town Manager Cabanel commented the Trustees of Trust Funds can actually invest in stocks and bonds. They are the only ones that can. The Trustees of Trust Funds hold the cemetery perpetual care funds and can invest in annuities, etc. Vice Chairman Mahon remarked typically they don't do anything speculative. Councilor Dwyer commented it is money well spent when you consider what the organization does, and if they were to dissolve themselves the Town would have to almost have a cemetery department. It is money well spent.

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Line Item 01-01-8143-0; Employee Incentives/Raises has an allocation, which represents a placeholder. More specifics can be discussed after contracts are settled.

Councilor Vaillancourt questioned why the NRPC is not listed under Line Item 01-01-8270-0; Dues & Fees, and was told that cost is identified within the budget for the Community Development Department.

Councilor Vaillancourt spoke of a notation that costs associated with the Business Expo./Merrimack Rocks events are offset by revenue, and asked if that could be identified under the review of revenue. Councilor Vaillancourt spoke of a cost reduction that was anticipated when moving from 3 polling locations to 1. She questioned if that has come to fruition, and was told it has. She questioned if there is a general idea of the amount saved. Assistant Town Manager/Finance Director Micali responded, off the top of his head, he would say the savings were in the area of \$2,500 related just to the rental fee associated with use of the hall and meal costs for three facilities as opposed to one. There is also a reduction in police details.

Councilor Boyd asked for additional information on Line Item 01-01-8407-0; Historic Preservation. Assistant Town Manager/Finance Director Micali stated the Town has been paying for internet access (hotspot). The cost of insurance has increased. They are also moving from a pen and paper system to a computerized Excel system. Some of the expenses for FY17 were able to be tracked better. Town Manager Cabanel noted the insurance cost for FY16 could well have been accounted for in the miscellaneous category. With regard to the revenue listed, Councilor Rothhaus noted the Historical Society sold off a lot of artifacts that really had no bearing on Merrimack.

Councilor Koenig questioned Line Item 01-01-8353-0; Computer Services; specifically why the actual in FY15 was \$96,939, which dropped to \$68,805 in FY16, and is proposed at \$73,805 for FY17. Assistant Town Manager/Finance Director Micali stated last year the cost of the new website was incurred (\$11,500). If you look at Government Accounting Standards Board (GASB) 45 actuarial services, there was \$4,000 that had to be expended for mid-year service. GASB 45 looks at health insurance. Some communities pay 100% of the cost of insurance even after retirement. It is a post-benefit obligation for communities. The Town has to have an Actuarial look at its numbers, even though we don't pay that benefit to our retirees. Our rate is a combined rate for our employees. They take our total pool including retirees and base our rates on the total pool. We need an Actuarial that looks at, if the retirees were not in there, what the Town would be paying. That is an implicit cost to the Town. That \$4,000 cost has to be included each year whether it is the full-year review or the half-year review.

Town Manager Cabanel provided the example of even though Police and Fire department employees could, until recently, retire at age 45 with a certain number of years of service, when they do they get a subsidy from the retirement system. They can stay on the Town's health insurance and apply that subsidy towards it, and then the balance they need to pay in some other form. The point is if a person is retired and they have a single plan, and the plan costs \$10,000 and they are paying for it in whatever fashion, they may have expenses that exceed that amount, which impacts the Town's rates. Even though the Town is not paying the premium, their experience is affecting the Town's rates.

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That line item also covers the costs of repairs for servers and computers. That allocation for file server and personal computer maintenance is the allocation for every department in Town. Councilor Koenig commented on the rate of increase, and was informed the line was under budgeted in years past.

Councilor Koenig questioned the increase in Line Item 01-01-8359-0; Other Outside Services, e.g., bank service charges, which show a \$3,000 increase. Assistant Town Manager/Finance Director Micali responded the Town went to OneCheck, which has an associated fee. During tax time the amount of people sending payments into the lock box has gone up, which is an increased fee. The Town now has the ability to do an ACH file to the State. That was in place with payroll, and the new one is for accounts payable. There is a fee for that.

Councilor Koenig questioned the increase in the allocation for criminal records checks, and was informed that is based on turnover.

Proposed Issuance of Debt

Assistant Town Manager/Finance Director Micali stated there is no new issuance of debt. He informed the Council the Town currently has two bonds that are outstanding; Greens Pond (15-year-bond issued in 2002) with \$810,000 outstanding in principal, and about \$839,000 total outstanding. That bond will be paid off by June of 2018. The yearly payment is about \$290,000. The second is the drainage bond, also a 15-year bond, which will be paid off in June of 2023. There is \$1,040,000 remaining in principal and \$1,250,000 in total. The yearly payment is about \$150,000.

It takes about a year before you start paying for a bond. When discussing the possibility of new debt, that should be taken into consideration. Vice Chairman Mahon stated there to be 1 interest payment in the first year and then the principal payment comes in the second payment of the calendar year, but the 1st in a new fiscal year.

Town Manager Cabanel stated bonds are issued twice a year. If you issue the debt in July you have 1 half year interest payment. The principal is always the same. If you borrowed a million dollars for ten years the principal is always \$100,000. It is the interest that changes. Interest is paid twice a year. If you issue a bond in July, your first payment of a half year's interest is due in January, which is in the same fiscal year. The next year you pay both interest and principal. Each year it goes down in terms of the amount of interest.

Councilor Koenig remarked if we wait until our bond is completely paid off before we issue another bond, we will see a dip in expenses for that year where there isn't an overlap. We are almost better off, if we know we are going to be bonding, to go ahead and bond a year in advance. If we know we have debt to issue it is prudent to think about it before another bond matures to avoid fluctuations in expenses/costs.

Town Manager Cabanel provided the example of the Greens Pond bond. When it is finished in 2018 the Town will lose a \$270,000 payment that year. It would be a good idea to put in the debt to fill that whole; do it the year before (April of 2017). Councilor Dwyer questioned what the total amount of the Greens Pond bond was when issued, and was told it was over \$4 million.

Revenues

Town Manager Cabanel stated the Town receives revenue from cable franchise fees. Not all of that revenue is used in the Media Services Department. The amount used to offset taxes has been steadily increased. In FY16 \$100,000 was attributed to the general fund, and proposed for FY17 is a transfer of \$150,000. The total amount of franchise fees each year is approx. \$380,000. Property tax interest is interest on delinquent taxes. Auto registration is a revenue stream that is seen to increase fairly steadily. The projection for FY17 is a conservative increase of \$75,000. Should the Council feel the need to increase that again, she stated a comfort level with an additional increase of \$100,000, based on additional data being available with regard to how it is tracking in the current fiscal year.

Assistant Town Manager/Finance Director Micali noted Other State Revenues is listed as \$71,357.37 in FY15 where the budget for both FY16 and FY17 identifies \$18,181. In FY15 that revenue was State Revolving Fund (SRF) money. The \$18,181 is the Convincer Grant dollars.

Town Manager Cabanel noted the State Bridge Program revenue for FY16 was \$1,280,000, which represents the State's 80% share. Those dollars also have to be listed as an expense. In FY17 the State's 80% match equates to \$2,618,000. That amount will also be added to the expense side of the budget. Including the \$2,618,000 in the budget gives the false impression that the operating budget has increased by that amount when in fact there are offsetting revenues in the same amount.

Revenue from insurance rebates was budgeted in FY16 at \$315,000, and in FY17 is listed as \$15,000. The Town received monies back from the New Hampshire Municipal Association or the HealthTrust to make up for the settlement of the lawsuit.

Councilor Dwyer questioned 3401-Sewer Rent noting the increase from \$3,682,734 in FY16 to \$4,398,093 proposed for FY17. Town Manager Cabanel stated Town has had to begin paying for debt service for bonds issued for the compost and Phase II of the sewer project. Last year they didn't pay anything. This year they raised the rates, had money left over, and now they are using some of their retained earnings to pay that off. Although it says rents, it is sewer user fees.

Town Manager Cabanel spoke of a rate study that was done several years ago. That study identified what the rates would need to be over the various years in order to accomplish the large projects that needed to be done. The rates have been steadily increased as called for in the rate study, and monies accumulating in order to be ready to pay the bonds. This is a balancing item. We save the money, we need to start paying the debt, and it is an offsetting amount. Councilor Dwyer commented on the amount of increase. Town Manager Cabanel stated the number is the balancing number between the revenues and the expenditures.

Assistant Town Manager/Finance Director Micali stated the debt service in the sewer fund is a \$499,000 increase. Town Manager Cabanel pointed out the budget for debt service in FY16 was \$361,621 and in FY17 \$860,736, which is an increase of \$499,000. Two bond payments were picked up. The user fee rate has been increased steadily in order to pay these. Even though the amount from the sewer user fees remains relatively constant, we have not needed all of it until the bond payments came due.

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Councilor Dwyer questioned if this is a third bond the Town has on the books. Assistant Town Manager/Finance Director stated the two discussed previously were general fund bonds. The other bonds are all paid by user fees in the enterprise fund.

Assistant Town Manager/Finance Director Micali responded to Councilor Vaillancourt's previous question regarding monies for the Business Expo./Merrimack Rocks events, by stating the detailed spreadsheet on revenue has accounted for that under Account No. 10178990-3503; Other Revenue.

Councilor Vaillancourt spoke of the Council's discussion of the Parks & Recreation Department budget noting the Town Manager had indicated no revenue from the after school care. During the discussion, the Town Manager had commented it is great to start new programs, but let's not start all of the new programs proposed. Councilor Vaillancourt stated her assumption that program would not be encouraged to be launched in FY17.

Town Manager Cabanel stated the first thing she wants to do is get the summer camp and the camp programs rounded out and settled. Then we can get into daycare if it is needed. We have to have that discussion and have the public involved. Additional discussion should occur and possible implications considered. She remarked she would like to have a solid handle on the programs we have, expanding to the seniors and teens, and then get into the service type of programs. Councilor Vaillancourt remarked that sounds very reasonable and she is supportive of that approach.

Councilor Vaillancourt commented she is bugged by the franchise fees going into the general fund. Having sat on the now defunct Cable Television Advisory Committee, she also understands that our hands are tied and we don't have a lot of leverage when it comes to negotiating our contract with the cable provider. She stated her opinion the fact that the franchise fees are as high as they are is unnecessary.

Town Manager Cabanel stated her belief part of the franchise fee is a local option. Assistant Town Manager/Finance Director Micali stated the Town did negotiate a lower franchise fee. The reason why the money is in general government is because when negotiating the contract the intent was to use their surplus to start lowering the media fund balance. Despite those efforts the Town has been seeing a spike in revenues received (approx. \$95,000/quarter).

Councilor Rothhaus remarked it had been a sticking point for him for a while. The fee was lowered from 5% to 4% because there was more revenue than the fund could utilize, but the cost of programming keeps increasing. It was noted the contract is a ten-year contract. Councilor Rothhaus stated he is uncertain if the fee could be changed mid-contract. Assistant Town Manager/Finance Director Micali stated he would have to look into that as he is unaware if that could be done.

Vice Chairman Mahon commented the contract was done 4-5 years ago, and part of the negotiation was the Town was trying to absorb some of the differential between the cost of operating the media department and what was anticipated in fees by trying to get Comcast to give us a lower rate for the elderly. They adamantly refused.

Councilor Koenig questioned the balance in the fund for the Media Department, and was told it is approx. \$600,000. Councilor Koenig noted the department is expending \$277,000 this year, \$150,000 was transferred to the General Fund, and the income was \$384,000.

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Vice Chairman Mahon commented it was figured when the contract ends, franchise fees will go away. This balance could potentially provide the cushion to fund the department for some time after that, and allow the department expenses to be worked into the budget gradually if desired. Councilor Koenig questioned if there is concern with allocating an additional \$50,000 to the general fund this year. Vice Chairman Mahon stated his belief the contract ends in 2018 or 2019.

Adjourn

MOTION made by Councilor Boyd and seconded by Councilor Mahon to adjourn the meeting.

MOTION CARRIED 7-0-0

The January 11, 2016 Work Session of the Town Council was adjourned at 8:37 p.m.

Submitted by Dawn MacMillan