

Approved: January 12, 2017

Posted: January 17, 2017



Town Council Meeting Minutes

Thursday December 15, 2016, at 7:00 PM, in the Matthew Thornton Room

Chairman Harrington called the meeting of the Town Council to order at 7:00 p.m. Present at the meeting were Vice Chairman Rothhaus, Councilor Boyd, Councilor Dwyer, Councilor Flood, Councilor Koenig, Councilor Mahon, Town Manager Eileen Cabanel, and Assistant Town Manager/Finance Director Paul Micali.

Pledge of Allegiance

Chairman Harrington led in the Pledge of Allegiance.

Announcements

Town Hall Offices will be closed on Monday, December 26th in observance of the Christmas holiday and Monday, January 2nd in observance of New Year's Day.

Regular meetings of the Town Council will be conducted on Thursday, January 12th and January 26th at 700 p.m. Budget meetings will be conducted on Monday, January 9th and Thursday, January 19th at 6:00 p.m. All meetings will be held in the Matthew Thornton Room.

Town Manager Cabanel commented she would not want to allow the opportunity to go by without acknowledging the contributions Captain Peter Albert has made to the community. Captain Albert has just retired from the Police Department after 32 years of service. She thanked him, on behalf of the Town and citizenry, for his contribution to the community and the positive affect he has had on countless lives.

Chairman Harrington expressed her gratitude, and wished Captain Albert good health in his retirement.

Perfluorooctanoic Acid (PFOA) Information Update

Chairman Harrington noted, at the December 1st meeting, mention was made of a second round of letters being sent out by the New Hampshire Department of Health & Human Services regarding blood testing. The public was encouraged to respond by either stating they have no interest in participating or wish to participate. When asked, Chairman Harrington stated she is not aware of lead testing being conducted.

Public Comments - None

Recognitions, Resignations and Retirements

1. Recognition of Full-time Years of Service of Town Employees

Submitted by Human Resources Coordinator Sharon Marunicz

The Town Council will present recognition awards to the following employees:

- General Government – William “Chuck” Miller 40-year Gift Card

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- Public Works / Highway – Robert Burley 30-year Clock
- Wastewater – Richard Blanchard 35-year Lamp

Chairman Harrington noted those who were being recognized for their years of service to the community, were unable to be in attendance. She thanked each for their dedication and service to the citizens of Merrimack, and noted the awards would be presented privately.

Appointments

1. Non-profits Tax Bill Error

Submitted by Assessor Loren Martin

Assessor Loren Martin will provide additional details to the Town Council regarding this issue.

Loren Martin, Assessor, spoke of having provided the Council with a communication regarding this matter, and stated her desire to address any questions.

Ms. Martin stated, during the 2016 update, she tried to correct an issue with how religious, charitable, and education properties were listed. In the past, they were listed as exempt State properties under their land use. For proper reporting to the State they should be listed with a charitable, religious, or education exemption. In her attempt to fix the error, she made a much larger error.

She remarked when doing an update for the Town she takes a copy of the database out of the Town so that she can work on it, e.g., doing sales analysis and other work needed to update the model. In doing so, she corrected all of the properties; took the State exempt status off and added the exemption. The problem with that is the exemption table was still being maintained at Town Hall. The Assessing Office maintains elderly exemptions, Veterans tax credits, etc. When the database was brought back to Town Hall and merged with all of the new values, the Town's exemption table overrode her exemption table, which resulted in 26 properties being sent a tax bill when they otherwise would be 100% exempt.

Immediately after tax bills went out phone calls were received by the Town. Changes have been implemented in the software to ensure this will not occur again.

Councilor Dwyer questioned the \$33 million valuation for 26 properties. Ms. Martin noted the properties were all charitable, religious, or educational properties. When asked, she stated she is confident of the valuation.

Councilor Boyd asked to expand upon safeguards that have been put in place. Ms. Martin noted the changes that have been made to the software whereby those exemptions will be maintained by the Assessor. In addition when the MS1 is completed later in the year, a comparison is done of the prior year's MS1. Unfortunately, because it was incorrect in FY15 and FY16, there was no real correlation. For these specific properties, they have all been updated to identify the correct exemption so that on next year's MS1 they will show with a dollar amount for religious exemption, charitable exemption, etc. and how many properties are in that. That would be the red flag for FY17 to ensure that would not happen again.

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Councilor Flood asked, and was informed in the Assessing Department, there are 3 staff members and the Assessor. She questioned if the 3 staff members are Town employees, and was informed they are. When asked if the Assessor is responsible for the management of the employees, Ms. Martin stated she is not. It was noted Ms. Martin is a contract Assessor.

Councilor Dwyer stated there was an over \$33 million property valuation error resulting in almost an \$800,000 shortfall in the assessment. The Town has to come up with an approx. \$0.24 tax increase in order to correct it. He questioned if the intent, at this time, was for the Council to discuss how to make up that shortfall, and, if not, when that discussion would occur.

Town Manager Cabanel stated they were not prepared to conduct that discussion as of yet, but feel confident they have the ability to make up for the shortfall in the current budget year. Were there to be monies remaining at year end, whether resulting from revenue being greater than anticipated or expenditures less, those dollars could be used to offset the shortfall. In a typical year, the Town Manager comes before the Council at year end to discuss year-end fund balance. As long as the year-end numbers are large enough to offset the \$775,000, the situation will be resolved. Town Manager Cabanel noted to date the Town has already seen approx. \$250,000 more in motor vehicle permits than was anticipated at this point in the year. This will need to be followed as the year progresses.

Councilor Dwyer commented at the end of the fiscal year if we are short an amount that differs from the current shortfall, the Council will discuss how to address it. Town Manager Cabanel noted information on total revenue and expenses, will not be known until it is almost too late to react. It may be that the Council considers taking action such as reducing the number of extra roads that may have been in the plans, etc. As decisions need to be made regarding reductions in capital projects, etc., the Administration will bring information forward. Town Manager Cabanel stated her belief it will be necessary to make some adjustments given the amount of the shortfall.

Chairman Harrington commented what is important for the public to understand is the Council's desire not to reissue tax bills. The Administration and Council will find other ways of addressing the issue. Ms. Martin noted there to be significant new construction occurring, which will help offset some of the monies.

Councilor Mahon stated the response from Ms. Martin and her organization was immediate. He spoke of having met with the Municipal Services Director at the Department of Revenue Administration who explained how they normally operate in that set of circumstances. The error was identified quickly, remedial action was taken, and residents were informed.

Councilor Koenig reiterated there is no effort or desire to raise the taxes to try and recuperate those funds. Although it may appear the Council is being calm about \$775,000, there is nothing calm about it and nothing easy about it except that the Town of Merrimack is in a reasonably healthy position financially, and has a general fund that can be used to work things out. He spoke of positions that have remained empty, which has resulted in a savings and the tremendous job staff does of managing and following the finances.

Public Hearing - None

Legislative Updates from State Representatives - None

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Town Manager's Report

The holiday season is upon us; if you are leaving for a period of time, call the Police Department about the House Check Program. Check on elderly neighbors during the cold snap and please bring your pets inside.

The Annual Holiday Parade & Christmas Tree Lighting was a big success with an estimated 600 - 700 people in attendance at the Tree Lighting.

The Parks & Recreation Department's new Winter Activities Brochure is now available. Printed copies can be picked up at Town Hall, the Library or the Parks & Recreation Department.

The Parks & Recreation Department would like to thank the Police Department for their assistance with the annual Santa calling program. This year 71 children will be receiving a phone call from Santa, which is more than double the number of children from last year.

Consent Agenda - None

Old Business - None

New Business

1. Donation Acceptance to Parks and Recreation for Wasserman Park

Submitted by Parks and Recreation Director Matthew Casparius

Town Council to consider the acceptance and expenditure of a donation in the amount of \$1,309.66 from Boy Scout Nick LaRoche, who recently completed his Eagle Scout project at Wasserman Park. Funds are being donated for the benefit of Wasserman Park, pursuant to RSA 31:95-b and Charter Article 8-15.

Matthew Casparius, Director, Parks and Recreation Department, informed the Council the donation comes from Boy Scout Nick LaRoche, who had done the solar lighting project at Wasserman Park earlier this fall. He was able to raise a significant amount of money, had a lot of his supplies donated, and as a result has taken what remained and donated it to the Town for the benefit of the park.

The funds will be added to donations received from others for the benefit of Wasserman Park.

MOTION made by Councilor Boyd and seconded by Councilor Rothhaus to approve the acceptance and expenditure of a donation in the amount of One Thousand Three Hundred Nine Dollars and Sixty Six Cents (\$1,309.66) from Eagle Scout Nick LaRoche, who recently completed his Eagle Scout project at Wasserman Park. Funds are being donated for the benefit of Wasserman Park, pursuant to RSA 31:95-b and Charter Article 8-15. MOTION CARRIED 7-0-0

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2. Solar Exemption Ordinance Discussion

Submitted by Assessor Loren Martin

Town Council to be presented with solar exemption details and to discuss and consider the implementation of a solar exemption to the Town of Merrimack Town Code.

Ms. Martin provided the Council with updated information relative to properties that were assessed for a solar array on their property, the associated assessment, and the resulting tax.

Chairman Harrington spoke of having been contacted by residents who have installed solar panels on their homes, and are concerned with their assessed value increasing as a result. She stated her desire for the Council to engage in a discussion of a solar exemption.

Ms. Martin commented when previously before the Council she was asked if the Town could expect anything contentious with the update of values conducted in 2016. A solar exemption would be something new.

Chairman Harrington noted she questioned whether residents are informed of the likelihood of an increase assessed value as a result of installation of solar panels, and was told they are officially notified. Ms. Martin stated there to be 130 properties, in total, that had applied for a building permit. Properties on that list were visited last year during the update. Forty eight properties were picked up and assessed with solar arrays on them, 47 more will be added for 2017, and there may be even more. For the properties that have yet to be assessed, they are putting in estimated assessments and an estimated tax based on what has been installed. There are properties that were duplicated on the building permit list, and there were properties where a permit was applied for and the project never went through.

To date, there are 95 properties for 2017. Total assessment associated with these properties is \$1,968,200 with an estimated tax of \$44,855. When asked, she stated the assessment to be based upon the number of panels. Currently a cost approach is being used. The best way to quantify it will be through sales. The difficulty in Merrimack is that solar has only started being seen fairly recently; a comparison of the sale price of a home prior to and after solar arrays have been added has not yet been seen. Right now what is being used is replacement cost; new, less depreciation. What is being assessed on them is less than what purchasers are actually paying for them, but it is closer to a true cost than it would be to anything market derived at the moment.

Councilor Dwyer questioned if the addition of a solar array is viewed in the same way as the installation of a built-in swimming pool, which increases the assessed value of a home, and was told that is the case. He noted that to be something to look at when considering an exemption. It is irrelevant whether the panels were purchased through a special deal, came for free, etc. the end result is an increased assessed value of the property.

Ms. Martin spoke of the information provided that identified the cities/towns in New Hampshire that have adopted a solar exemption, and the date of adoption. A lot of the exemptions cited that were adopted right when the exemption was available were based on cost. Ms. Martin stated her firm has strongly recommended to towns that if adopting an exemption it should be based on assessed value. A

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lot of the more recent adoptions are based on assessed value, and may have a cap, e.g., 100% of assessed value up to \$10,000 or \$20,000.

Councilor Boyd questioned if there is any science to arriving at a fair figure for the Council to consider from a policy perspective. He suggested if something the Council wants to consider he would look to Ms. Martin for direction. Chairman Harrington stated her belief the Council is left without any such guidance. Councilor Mahon stated his displeasure with the language of the Statute. Chairman Harrington noted, out of the 234 cities/towns listed on the information provided, 43 base their exemptions on assessed value.

Councilor Boyd questioned if it is the purview of the Council to come up with two sets of exemptions; residential and commercial. Ms. Martin stated her belief that latitude does not exist in the Statute. A commercial solar farm where energy is sold elsewhere would be a taxable entity that would not qualify for an exemption.

Councilor Flood spoke of her residence and the fact that she leases the solar panels. Her assessment (\$27,000) was based on the number of panels. Each panel was valued at \$750. She could have purchased them all at \$15,000. She believes that to be an area that should be corrected. She stated she is in favor of an assessment noting she had panels put on her residence at no cost to her. She added, as a Real Estate Broker, she has had potential buyers look at additions such as a pool, and turn away from a property as a result.

Councilor Flood stated she and her husband chose to install the panels to be green and for their own enjoyment; not thinking that anyone would ever be interested in purchasing their home and wanting to assume the lease for the panels. She stated her belief it is somewhat of a detriment. Ms. Martin commented, with leased solar panels, it could be a detriment to future sales. That will be better understood over time.

Councilor Flood stated her opinion the solar panels are simply a utility on the roof; simply her electrical system. Ms. Martin remarked it helps reduce utility cost so that is what is being touted as what people would be willing to spend in the market to get a benefit. Councilor Flood noted, for her home, the savings are estimated to be \$400 - \$500 whereas the increase in taxes is approx. \$600. She stated her desire to see something equitable and based on common sense when looking towards what could be the financial benefit of adding to your home whether it is solar panels, new kitchen, etc.

Vice Chairman Rothhaus commented on the analogy of a swimming pool remarking if a \$40,000 swimming pool were installed, it would not necessarily increase the value of the home by that same amount. Ms. Martin agreed cost does not always relate to market, e.g., you may spend \$40,000 and it may increase the value by \$20,000. Vice Chairman Rothhaus commented once we build up a little history in this part of the country we will have a more accurate understanding of what the real value will be. He stated his opinion most do it for the green component. It may result in a small financial cost to be green.

Councilor Mahon remarked the issue being danced around is someone has to pay for this. We take it off the tax base and all of the other taxpayers that don't have solar would be subsidizing those who do. The Council is starting the budget process and constantly wringing hands about how to manage the

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services and deal with the revenue issues, and here we are contemplating another reduction in what Town would have for a source of revenue. It is an issue that really needs to be taken into consideration.

Chairman Harrington stated the only way she would consider any option would be if it were put on the ballot for the citizens to vote on particularly given any exemption would have a tax impact.

Councilor Flood stated her point to be that an increased assessed value based on the cost of the solar panels is greater than the resale value added to the home. In her opinion assessments should be based on market value. Ms. Martin remarked it is believed they value the properties at market value. If you are exempting a portion of that, you would be decreasing the value. Councilor Flood suggested it would be decreasing the value only to where it should be. Ms. Martin suggested they may disagree on that issue. Councilor Flood remarked with a Veterans' exemption for example, you receive an exemption from the real value. With the solar panels, she believes the value to be untrue. She reiterated at the time she had solar panels installed the cost to purchase was \$15,000 yet her assessed value increased by \$27,000.

Ms. Martin stated her organization has gathered data statewide from all of the solar companies. The average cost to install a panel is about \$1,000/panel. They are being assessed \$750 - \$800/panel. The true cost if you were to go out and purchase solar panels is about \$1,000/panel installed.

Councilor Koenig commented it was mentioned previously that states that have had solar for a length of time has been able to work an assessment/value for the market. He asked if Merrimack's numbers could be compared against those town's relative numbers to gain an idea of what resale value would be. Ms. Martin responded comparing property values in New Hampshire to values in California, Florida, etc. is difficult. Councilor Koenig clarified he was referring to delta costs for solar panels. Ms. Martin commented she was looking at an article from Berkley earlier in the day. They had studies done in Pennsylvania that indicated on average the value add was \$19,000. It might be \$35,000 per property on average in California. It does provide some indication, but the size of the system, how much it can power, etc., are all factors.

Councilor Koenig commented that is where the science comes in because you can look at percentage deltas, cost per square foot, etc. There ought to be some way to generate a formula that provides an idea, e.g., $\frac{3}{4}$ of the cost is close to what we expect the resale value of the home to change. Ms. Martin remarked were she to compare it to what is being looked at in Pennsylvania that was what they were experiencing in the survey that was reviewed. On an average basis, we are right in line with that.

Councilor Koenig questioned, using a panel count, are the panels all sufficiently equal as far as power output, etc. Ms. Martin stated the newer systems are. The older systems are a little different and would be depreciated for that. The newer systems are all relatively comparable in what their output is; number of kilowatts per panel.

When asked, Ms. Martin stated when looking at a cost approach it would be replacement cost less depreciation. The vast majority of the systems being looked at are all brand new systems. Depreciation would be looked at again in five years when they do the update. That depreciation cycle would come in like everything else.

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Councilor Boyd questioned how, if considering a cost option, the Council would determine cost, e.g. would property owners provide copies of their leases, bills, etc. Ms. Martin responded that is why she would steer the Council away from that option. She spoke of a town that adopted it in the '70s at 100% of cost. A taxpayer walked in the door recently with an invoice for \$110,000. At the time the community was not assessing solar panels so there was no added assessment to the property and the taxpayer is now looking for an exemption of \$110,000. The way their Warrant was worded she is not sure how they could not grant an exemption of \$110,000 of which they spent less than half themselves; the rest was through credits, etc. The out of pocket cost was not \$110,000, but that was the cost of the system and that is how their warrant was worded.

Councilor Flood commented too much interference from government on any new product hinders the performance of the market.

Councilor Boyd echoed the remarks of the Chairman with regard to the matter being a question to be put on the ballot for the citizenry to vote upon.

Ms. Martin stated her opinion putting the item on the ballot is the fairest way to proceed.

Councilor Boyd noted there would remain the issue of crafting a Warrant Article identifying how an exemption would be viewed, e.g., percentage of cost, assessed value, etc.

Councilor Mahon noted if the Council were to adopt an exemption, it would become effective on April 1, 2017. If adopted by the voters, it would become effective April 1, 2018. Ms. Martin questioned if there is the option of making it retroactive if put before the voters this year. Councilor Mahon was uncertain. Councilor Flood cited language that reads: "If the exemption or credit shall take affect within the town or city on the date set by the governing body in the tax year beginning April 1st following adoption or whichever shall occur first." Either the Warrant Article or the Council sets the date or it takes place the following April 1st, whichever is first.

Councilor Dwyer stated he was leaning towards placing the question on the ballot. However, he does not see the urgency at this time. It may be that additional data is needed, and the matter could be taken up by the Council during its next Retreat.

Councilor Koenig stated his belief there are several ways for this to move forward; the Council could adopt a policy, which he is hearing the Council is not very interested in doing, the Council could put together a Warrant Article sponsored by the Council and put it before the voters, and it could come through as a Petition Warrant Article. The Town Council could either decide to put that on the Warrant or if there were sufficient signatures it could go on the Warrant by default at whatever the Petition Warrant Article wording was. He suggested if there is concern or a desire to put it on the Warrant, there is reason for the Council to consider whether it wishes for it to come through the Council directly or look to see if a resident wishes to put a Petition Warrant Article forward.

When asked, Assistant Town Manager/Finance Director Micali stated the last day for acceptance of Petition Warrant Articles is February 14, 2017.

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Councilor Boyd remarked he has given thought to 50% of the assessed value capped at \$20,000, which he believes is sensible based on the average assessed values of properties with solar.

3. Road Acceptance of Windy Hollow Circle

Submitted by Deputy Public Works Director/Town Engineer Dawn Tuomala

At the Planning Board meeting on December 6, 2016, per Subdivision Regulations Section

5.01.1(f), the Planning Board has released the performance bond in favor of the two year

maintenance bond and recommended acceptance of Windy Hollow Circle by the Town Council.

Acceptance of the road is conditioned upon receipt of the two year maintenance bond in the amount of \$55,982.

MOTION made by Councilor Boyd and seconded by Councilor Mahon to accept Windy Hollow Circle as a Town Road contingent upon receipt of the two-year maintenance bond in the amount of Fifty Five Thousand Nine Hundred Eight Two Dollars (\$55,982)

ON THE QUESTION

Dawn Tuomala, Deputy Director, Public Works Department/Town Engineer, stated Windy Hollow Circle to be a cluster sub-division that was constructed off of Tomasician Drive. Councilor Koenig questioned if the road is sufficiently complete, and the Public Works Department (PWD) comfortable taking over responsibility for maintenance, and was informed that is the case.

Councilor Koenig questioned the impact to the Town when accepting a road such as this. Deputy Director Tuomala responded for the next two years the maintenance bond will remain. Once the road is accepted as a Town road, the Town will be responsible for plowing and other Town services.

MOTION CARRIED 7-0-0

4. Road Acceptance of Crows Nest Circle

Submitted by Deputy Public Works Director/Town Engineer Dawn Tuomala

At the Planning Board meeting on December 6, 2016, per Subdivision Regulations Section

5.01.1(f), the Planning Board has released the performance bond in favor of the two year

maintenance bond and recommended acceptance of Crows Nest Circle by the Town Council.

Acceptance of the road is conditioned upon receipt of the two year maintenance bond in the amount of \$36,741.

MOTION made by Councilor Boyd and seconded by Councilor Dwyer to accept Crows Nest Circle as a Town Road contingent upon receipt of the two-year maintenance bond in the amount of Thirty Six Thousand Seven Hundred Forty One Dollars (\$36,741). MOTION CARRIED 7-0-0

5. Economic Revitalization Zones (ERZ) for Southern D.W. Highway Corridor and 15 Caron St.

Submitted by Community Development Director Tim Thompson

Request Town Council authorization to submit application to the NH Department of Resources & Economic Development to amend (add to) Southern D.W. Highway ERZ and 15 Caron Street ERZ.

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Timothy Thompson, Director, Community Development Department, stated the request to be for approval to make application to the New Hampshire Department of Resources & Economic Development (DRED) to add a portion of land located between two existing Economic Development Zones (ERZs). The impetus for this project is a company called Spraying Systems from Hudson, NH that is looking to move into the GTAT building off of D.W. Highway and utilize a majority of that space for their company. They are an industrial developer of spray nozzles for a variety of different applications. They are looking to purchase the property and lease a small part of the building to GT for an undetermined amount of time. They would be moving their workforce and expanding into Merrimack.

Director Thompson commented in the conversations the department has had with the company and DRED, they indicated their interest in becoming part of an ERZ.

When last before the Council the purpose was for the creation of the ERZ that incorporated the BAE Systems property. It is a large ERZ that begins at Anheuser Busch and makes it way almost to the Nashua line where Nashua Corp and Nanocomp are located. Also created last year was a small ERZ at 15 Caron Street for Space Optics Research Labs. The request before the Council was for inclusion of the land area that basically starts at the 15 Caron Street property, goes south along the D.W. Highway on the east side of D.W. Highway to the railroad tracks, and encompasses the land that is there. It would encompass the GT property as well as properties along Star Drive and the boil energy facility that is the former Fairpoint building.

Councilor Boyd commented on having had the opportunity to visit the Town of Hudson off of exit 3 from the F.E. Everett, and noticed the Town had put up signage that says you are now entering an Economic Revitalization Zone, which mirrors the same signage he saw off of 102 in the Town of Windham. He questioned if that is something the Town of Merrimack should be doing. Director Thompson responded, given the sheer size of what the proposed ERZ would be; encompassing nearly 2 miles of the D.W. Highway, it would be difficult to be able to tell when you are in and when you are out of the ERZ. The other ERZs are along Continental Boulevard; former Shaws facility and the old Zylas, which is now Vault Motor Storage. They are scattered, and he is uncertain there would be much bang for the buck in regard to investing in signage for those particular properties.

Director Thompson commented site selectors and people in economic development know what communities have ERZs and where they are located. He has it prominently focused on the Economic Development section of the website; the map is updated as locations continue to be added.

Town Manager Cabanel welcomed Spray Systems, Inc. She stated her belief they are expanding and using approximately 130,000 sq. ft., and adding several employees. This company is the world's largest manufacturer of spray nozzles and accessories. It will be another wonderful asset to Merrimack's group of strong companies.

MOTION made by Councilor Boyd and seconded by Councilor Koenig to authorize the Community Development Director, Tim Thompson, to submit an application to the New Hampshire Department of Resources & Economic Development to amend (add to) Southern D.W. Highway ERZ and 15 Caron Street ERZ to include the property as detailed. MOTION CARRIED 7-0-0

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6. Presentation of Proposed 2017/18 Town Manager Budget

Submitted by Town Manager Eileen Cabanel

Town Manager will present her recommended 2017/18 budget to the Town Council.

Town Manager Cabanel provided a PowerPoint [presentation](#) (copy attached). She explained the process; from the total proposed budget, those items that are unusual or one-time expenses are removed to allow for a comparison of the budget from year to year. She provided the examples of capital reserve fund deposits, which are removed and compared to the previous year's capital reserve fund deposits and expenses that don't occur on a yearly basis.

Town Manager Cabanel noted the Capital Reserve Fund (CRF) expenditures is an area that really skews the numbers as those are monies that have already been saved, and there is an exact amount of revenue that is transferred into the budget to fund the expenditures.

A new category has been added to the spreadsheet this year; State and Federal Grants. Bridge Aid has been received in the form of State and Federal grants. She commented \$1,387,231 in grant funds skews the comparison of the PWD budget.

Town Manager Cabanel projected a slide depicting the General Fund, which is where the tax rate is derived from. The General Fund includes costs associated with the running of the Town, e.g., police, fire, highway, Town Clerk, etc. Total proposed appropriations to the general fund result in an increase of \$612,873 (2.78%).

Town Manager Cabanel went over the increases and decreases associated with the General Fund. She noted that contractual raises for 5 of the unions (\$160,000) are seen throughout the budget. The Guaranteed Maximum Rate (GMR) for health insurance is 9.1% (\$109,000). The actual rate generally comes in close to the GMR (never higher). The Town's contribution to the New Hampshire Retirement System has increased (\$168,000: Fire 9.36%, Police 11.56%, and all others 8.77%). Every two years the New Hampshire Retirement System, which the Town is required to participate in as a municipality, raises their rates. Councilor Koenig questioned if the rates always increase or if it is an adjustment based on the performance of the fund. Town Manager Cabanel spoke of the poor performance of the fund.

In the current year there is a 53rd payroll week, which is not the case in FY18, resulting in a savings (\$227,000). Compensated absences increased (\$102,000). This expense accounts for each employees eligibility for retirement; the amount the individual is entitled to take with him/her whether it be vacation time, sick time, etc., is set aside to satisfy that requirement should the individual retire. There is a population of employees that will become eligible for retirement in the coming year. Every year that is reconciled.

Being proposed is the addition of four (4) firefighters to the budget, which would equate to one (1) firefighter per shift. The positions were only identified for half the year. The increase includes wages and benefits (\$175,000) and uniforms (\$12,000). There would be a corresponding reduction in overtime (\$42,000). Chief Currier brought the proposal forward, has met with the Town Manager dozens of times and the Assistant Town Manager/Finance Director dozens of times, and has collected

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reams and reams of data. Town Manager Cabanel has spoken with command staff, mid-level management, and rank and file to learn from them what a typical day is like in the department, e.g., how workload would be impacted were an additional person on each shift, with the understanding that overtime would be reduced. Town Manager Cabanel stated all of the information obtained has convinced her of the need for four (4) additional firefighters.

Town Manager Cabanel noted when preparing the budget, information is provided by the department heads, which is then subjected to an enormous amount of scrutiny on the part of the Assistant Town Manager/Finance Director and her. Discussions take place with the department heads. What has been brought forward to the Council for consideration represents a \$990,000 \pm reduction to the original departmental requests.

Other initiatives/increases being proposed include staffing changes from part-time to full-time: Technology Assistant (\$43,900), Parks & Recreation Program Assistant (\$59,000), and Library Tech Services (\$59,000).

The Technology Committee has stated concerns with the number of computers in the Town and a single individual trying to manage them all. The increase represents the additional salary as well as the addition of benefits (2-person plan assumed). Chairman Harrington questioned if the department personnel have responsibility for police and fire computers (vehicular), and was informed they work alongside an individual at the fire station and police station in upgrading of equipment, etc. The change from a part-time Parks and Recreation Secretary position to a part-time Recreation Program Coordinator position was approved at the Council's November 17th meeting. At that time, Town Manager Cabanel noted she would be proposing the position move from part-time to full-time in the FY18 budget.

The Library Tech Services position is another that is recommended to go from part-time to full-time. The Library Director has discussed this desire for the past year or two. The Library has found it difficult to fill the position and retain the employee on a part-time basis.

Monies were previously expended to change streetlights over to LED lighting, which has resulted in a savings (\$55,000). By June 30, 2017, all lights will be installed. Vice Chairman Rothaus questioned if, at some point, monies will be added to the maintenance budget understanding the Town has ownership of the new lighting. Assistant Town Manager/Finance Director Micali stated the lights are guaranteed for 10 years. When asked, he stated the cost to be approx. \$140/ea. There are 640-650 lights in total.

The Solid Waste budget indicates an increase of \$62,000 for tipping fees. The long-term contract calls for a \$1/ton increase in the fees. The recycling fee is increasing from \$15 to \$20/ton (\$14,000 increase).

A reduction (\$50,000) is proposed for the line item for legal services due to a reduction in use. Also reduced is the line item for Merrimack Rocks/Business Expo. (\$21,000) based on having been informed Merrimack Rocks would no longer be in place unless someone wants to take it over. The reduction will also be accounted for in the revenue line. The Business Expo. has been taken over by the Merrimack Chamber of Commerce.

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With regard to Personal Protective Equipment Hazardous Material Extractor, the cost of \$15,000 is intended for equipment used to extract all of the hazardous materials that gets onto the protective clothing of firefighters. The extractor also dries the clothing and helps extend the useful life. The proposed purchase would replace a machine that is 20 years old.

Past practice has been for staff from the Highway and Wastewater to plow the parking lots at the fire stations, Town Hall, Library, etc., but they simply do not have the ability to get to that when it needs to be done, if at all. A contractor has been hired to provide that service and the cost has been added to the budget for FY18 (\$15,000).

Proposed for FY18 is the purchase (\$15,000) of vehicle diagnostic equipment necessary for the maintenance of Town vehicles. This purchase will also allow for in-house maintenance of the large international trucks at the Highway Department.

The line item for elections has been reduced (\$12,000) as the number of elections in the coming year is lower than that of FY17.

An increase of \$11,873 was shown as a means of identifying the total of the smaller increases identified within various line items throughout the budget.

Town Manager Cabanel reiterated the total increase to the General Fund, as proposed, would be \$612,873. A slide was shown identifying total increase/decrease broken down by department. Councilor Dwyer noted within the total increase are three items the Council has no control over; contractual raises, health insurance, and retirement, which represents a total increase of \$437,000.

With regard to CRF deposits, Town Manager Cabanel explained the proposed budget includes an increase (\$85,000) in deposits. She noted Councilor Koenig, during discussion of the Capital Improvement Plan (CIP), questioned the reasoning behind continuing to increase deposits to the CRF. He had pointed out the appropriation used to be \$1 million and is now nearly \$1.7 million. Over those years, on average, the Town was appropriating \$1 million into the CRF and spending \$1.5 million. In order for the Town to continue to be able to utilize the CRF to cover the cost of purchasing capital equipment (in cash), there is the need to continue appropriating a sufficient amount each year.

A good many of the proposed allocations/deposits are associated with future equipment purchases, e.g., increased costs of equipment such as fire trucks.

Another category in the budget is “Other Capital”, which identifies non-recurring items such as fire station 2 repairs, which was a \$40,000 expense in FY17, and is not an expense in FY18 and Solid Waste netting, which was not an expense in FY17, but is anticipated in FY18 at a cost of \$9,000. In total this sub-category of the General Fund identifies a proposed decrease (\$29,800) for FY18.

The proposed appropriation for Road Infrastructure (\$750,000) in FY18 mirrors the appropriation made in FY17.

Taking all of those items into consideration, the General Fund has a total of \$668,073. It was noted CRF expenditures were removed from the analysis as the amounts are offset by the exact same

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amounts in revenue. The intent was to identify how the General Fund, if passed, would affect the tax levy. The \$668,073 is derived by taking the total increase in General Fund appropriations (\$612,873), adding the CRF deposits (\$85,000), and subtracting the decrease (\$29,800) from the “Other Capital” category.

***There being no objection the Council took a five-minute recess at 9:17 p.m.
The Council reconvened at 9:22 p.m.***

The total General Fund amount (\$668,073) is then added to the total for CRF expenditures (\$543,309). From there the total amount of State and Federal Grants dollars (\$1,387,231) is subtracted. The result is a proposed reduction (\$19,387) in the total budget proposed for FY18 (\$28,641,434) when compared to the total budget for FY17 (\$28,660,821). Town Manager Cabanel reiterated the figure that impacts the tax rate is the proposed increase to the General Fund (\$668,073 or 2.72%).

A slide was displayed, which identified the proposed CRF expenditures (\$2,533,808) broken down by fund: General Fund (\$1,983,808) and Wastewater Fund (\$550,000), which is a self-supporting fund.

To the General Fund total (decrease: \$19,387) the self-supporting funds are added. A list was provided, which depicted a proposed increase (\$297,309). It was noted the primary self-supporting fund is the Wastewater Fund. Those expenses are covered/paid through user fees. Town Manager Cabanel highlighted the elimination of the Day Camp Fund, which resulted in a reduction (\$221,429). The fund is now a Revolving Fund established during the April 2016 Ballot. Town Manager Cabanel reiterated the figure that impacts the tax rate is the proposed increase to the General Fund (\$668,073 or 2.72%).

A slide was displayed providing a summary of revenues. Approx. half of the non-tax revenue received is generated through motor vehicle permits (projected at \$4.4 million; was \$4.3 in FY17). The slide identified an anticipated increase (\$111,031) in general fund non-tax revenue. The detail of how that anticipated increase was arrived at was included on the slide.

Town Manager Cabanel noted this past year \$225,000 of fund balance was used to cover the cost of the 53rd week of payroll, which is not a factor in FY18. This past year \$300,000 was used for property tax relief. That \$300,000 is also accounted for in the proposed FY18 budget. With regard to the CRF, State & Federal Grants, and self-supporting funds, the same amount that comes in goes out.

A slide was presented that included a breakdown of appropriations and revenue, and identified the associated impact to the tax rate. The increase to the General Fund Operating Budget (\$612,873) results in a tax rate impact of \$0.19. The increase in the CRF deposits (\$85,000) has a tax impact of \$0.03. The reduction (\$29,800) in Other Capital results in a reduction in the tax rate of \$0.01. General Fund Non-Tax Revenues reduction (\$111,031) has a negative impact to the tax rate of \$0.03. Utilizing \$300,000 for the Fund Balance reduction has a tax rate impact of \$0.07. The total amount of funds to be raised by taxes is \$616,988,889 or \$5.16, which represents an increase of \$0.25.

Town Manager Cabanel noted the value of the Town has been reduced. The previous value was \$34 million too high. The \$34 million was removed and \$20 million, which has been captured by the Assessor, was added back in. Councilor Koenig questioned if the \$0.24 that was discussed at the start of the meeting was included in the proposed \$0.25 increase to the tax rate. Town Manager Cabanel

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stated that is not the case. The Town has increased its value by \$20 million. What is affecting the tax rate from one year to the next is approx. \$14 million. Councilor Koenig stated part of the error shows up in these numbers. Town Manager Cabanel agreed.

Town Manager Cabanel spoke of areas that have an impact on the budget, where information is not yet available: State budget; Rooms & Meals and Highway Block Grant and the union contract that is outstanding.

Town Manager Cabanel commented every service provided by the municipality; police, fire, Public Works, snow removal, trash disposal, streetlights, snow plowing, road improvements, etc. all together make up 21% of the total tax bill.

When asked, Assistant Town Manager/Finance Director Micali stated, on a home valued at \$260,000, the increase to the municipal portion of the tax rate (only) would be \$0.25, which would result in an increase to the tax bill of \$65.00/year.

Assistant Town Manager/Finance Director Micali stated his belief the Administration would be bringing forward the Highway garage bond. A presentation will be provided the Council in January.

Councilor Flood questioned, and was informed an increase of \$0.01 represents an expenditure of approx. \$33,000.

Town Manager Cabanel noted each of the individual department budgets would be delved into deeper during the departmental reviews.

Councilor Boyd asked for additional clarification on the proposal for four (4) additional firefighters for a period of six months only. Town Manager Cabanel stated the reason to be cost. She was not in favor of proposing a \$0.35 tax rate increase. The intent is to ease that cost into the budget.

Councilor Boyd commented in reality the proposal is for two full-time firefighters. Town Manager Cabanel stated the proposal is for four (4) full-time firefighters for half a year. The firefighters would be hired in January. Full year costs associated with the additional four (4) full-time positions would be reflected in the FY19 budget. Councilor Boyd stated the desire to be provided with detailed information on the overtime budget.

7. Elected or Appointed Town Treasurer

Submitted by Town Councilor Tom Mahon

To ascertain the desire of the Town Council to propose amending the Town Charter to appoint rather than elect a Town Treasurer.

Councilor Mahon stated the impetus to be a Legislative Service request that went in about allowing certain towns to appoint their Town Clerk rather than have the Town Clerk elected. He recalled the current Town Treasurer's term expires in April of 2018. The timing, at this point, would be useful. Another issue is the complexities that can come with the position, and the requirements and skill level desired for the position.

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Should the Council decide to move in this direction, the incumbent would retain the office until the term expired at which time the Council would make the appointment. Councilor Mahon commented coming up through the next budget cycle we are looking at a \$104 - \$110 million business. That is a great deal of responsibility.

Councilor Flood spoke of having reviewed the duties of the Treasurer which included the responsibility for investing money into a particular format. She questioned the degree to which that individual has to make those determinations. She noted the individual is responsible for tracking and reporting of funds, and questioned if in fact that currently occurs.

Assistant Town Manager/Finance Director Micali stated he conducts the report for the Treasurer. He does most of the investing for the Town in accordance with the regulations. He noted that is not done in a bubble. He contacts the Treasurer with his decisions, and obtains agreement. Town Manager Cabanel noted the minimal amount of funds that can be invested. Councilor Flood questioned, and was informed the position of Treasurer receives a stipend (\$1,300/year). Assistant Town Manager/Finance Director Micali stated there to be other duties that are currently conducted by the Finance Department for the Treasurer; e.g., deposits.

Councilor Dwyer stated his position the position is almost ceremonial. The Finance Director and Assistant Director are doing the real work of the entire operation. He added he means no disrespect to the current or past Treasurers. However, he believes what Councilor Mahon is alluding to is almost of a bygone era and our modern system of government may not require this kind of position any longer. He stated his favorable position of a Charter change. He remarked having an elected position, any resident could put their name on the ballot whereas if the Council were to appoint an individual a review would be conducted of his/her qualifications.

Chairman Harrington questioned if the intent of appointing a Treasurer would be that some of the responsibilities of the position that have, over the years, fallen upon the Finance Department, would revert back to being duties of the Treasurer. She questioned if what was being proposed was a salaried position versus a stipend position. Vice Chairman Rothhaus remarked if looking for an individual to take on the responsibility of reviewing every receipt, invoice, check, etc. that is a position that would be paid inclusive of benefits, etc. He stated he has not heard that request as of yet, and is not willing to consider that at this time. He stated he understands the concept of being able to vet the individual. However, feels if heading in that direction it becomes an employed position.

Councilor Dwyer commented if unable to eliminate the position, due to State Statute, the current duties associated with the position seem to indicate the position is more ceremonial.

Chairman Harrington questioned whether Treasurers in surrounding communities are elected or appointed. Assistant Town Manager/Finance Director Micali responded most are appointed although, in some of the smaller communities, they continue to be elected. In most towns where the Treasurer is elected, the majority of the duties are assumed by the Finance Department. In the towns where the position is elected, the position represents additional duties to an individual, e.g., whether an accountant, Deputy Finance Director, etc. Councilor Dwyer restated that a Deputy Finance Director could hold the position of Treasurer. Assistant Town Manager/Finance Director Micali stated in such an instance that individual would be provided a stipend for performing those duties.

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Town Manager Cabanel stated there was a time when she held the position of Finance Director and Treasurer. Councilor Mahon noted several cities in New Hampshire have a separate Treasurer position. It was noted, in cities the Treasurer is also the Tax Collector. Town Manager Cabanel suggested the disadvantage to an elected Treasurer is if you have an individual who wants to start investing money and begins getting into investing that places the municipality in a position where liquidity is not available when needed. Chairman Harrington questioned the opinion of the Town Manager who stated, the current situation works well.

Councilor Boyd stated his belief if an elected Treasurer conducts himself/herself in a manner detrimental to the Town, the mechanism for relief would be the court system. If an appointed position the Council could take immediate action.

Councilor Flood questioned if the position is intended to provide the check and balance aspect of the finances of the Town. Councilor Mahon stated the position is intended to be part of the internal financial controls as the Treasurer is responsible for making deposits, tracking funds, and ensuring accurate reporting.

Town Manager Cabanel noted there are checks and balances in place with the Finance Director, Assistant Finance Director, the Payroll position, Accounts Payable position, Purchasing position, and the requirement for checks exceeding a dollar threshold, manifests, payroll, etc. having to be signed by the Town Manager. It was noted the auditors use Merrimack as an example of proper controls, etc. can be put in place with the number of staff available to Merrimack.

It was reiterated an existing employee could be appointed. Councilor Flood stated her support of that type of appointment. Town Manager Cabanel clarified when she held dual positions it was within a city. She stated her belief a Town is required to have a Treasurer that is not a Town employee. Councilor Mahon stated that to be correct if the individual were elected. The Statute doesn't define the appointee; only the duties of the position.

Chairman Harrington stated the need for a proposed Charter change to be placed on the ballot for the voters to decide. Councilor Mahon questioned the will of the Council. Councilor Koenig stated he has believed for some time that the Town should move to an appointed position if possible as he believes there could be individuals with skillsets that are better adapted to the job instead of what could potentially be just a ceremonial position with an individual who was elected and lacked the necessary skillset. He would like to see the opportunity made available. He stated his support of a Charter change. Chairman Harrington stated her support of a Charter change. Councilor Boyd commented Merrimack is the 8th largest community in the State, and he believes there is the need to look at how the Town governs and administers itself. If a Charter change provides additional oversight on a position of importance, it behooves the Council to consider bringing it forward to the voters.

Councilor Dwyer reiterated the current Treasurer is a fine individual, and the discussion was philosophical in nature. Councilor Mahon commented it could be that the current Treasurer decides not to run again. That is the reason he tried to time the discussion.

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MOTION made by Councilor Boyd and seconded by Councilor Dwyer to instruct the Town Manager to work with Town Counsel to draft a Warrant Article making the Town Treasurer an appointed position. MOTION CARRIED 7-0-0

Minutes

Approve the minutes from the Town Council meetings of November 17, 2016 and December 1, 2016.

November 17, 2016

The following amendments were offered:

Page 6, Line 1; replace “Boyd” with “Dwyer”

Page 6, Line 32; the sentence should begin “Councilor Koenig stated he heard them say there was no intention,”

Page 13, Line 4; replace “Director” with “Counselor”

MOTION made by Councilor Boyd and seconded by Councilor Koenig to accept the meeting minutes of the Town Council meeting of November 17, 2016 as amended. MOTION CARRIED 7-0-0

December 1, 2016

The following amendments were offered:

Page 5, Line 26; replace “education” with “educated”

Page 9, Lines 32-33; add “for major projects”

MOTION made by Councilor Flood and seconded by Councilor Mahon to accept the meeting minutes of the Town Council meeting of December 1, 2016 as amended. MOTION CARRIED 6-0-1 Councilor Boyd Abstained

Comments from the Press - None

Comments from the Public

Natalia Bairamova, 26 Crosswoods Path

Thanked the Council for consideration of the solar exemption, and stated her appreciation the Council wished to conduct its due diligence before taking a position. She stated the desire to note the distinction between leased and owned solar panels. It is her belief the panels do increase the value of the home. With leased panels there are no tax credits. You can also take them with you when you move taking that asset away.

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She spoke of the concern stated during the last meeting that some residents may not have realized the tax implication, and noted her agreement specifically says the property taxes are included in the rate that you are paying. She commented on the Assessor having stated she had data on how other towns distinguished between owned and leased panels.

Comments from the Council

Councilor Boyd spoke of the previous week's Planning Board meeting during which the Board was introduced to the next phase of the Merrimack Premium Outlets. He found the proposal to be very interesting.

He spoke of the re-development of the old Shaws site, and how thrilled he is with what the owners of the property are proposing. They will not change the footprint, but will clean up the site providing it with a new look and feel. Local newsprint suggests they are looking for a grocer to be the anchor tenant for that location.

Next Wednesday is the meeting with the Nashua Regional Planning Committee (NRPC). He stated his anticipation they will ask for a vote on the Strategic Plan. He requested input from his colleagues as to whether they wished him to endorse the Strategic Plan. Chairman Harrington and Councilor Koenig both responded they were in favor of endorsing the Strategic Plan.

Councilor Boyd expressed a belated Happy Hanukkah to the Jewish members of the Merrimack community and a Merry Christmas and Happy New Year to the entire Merrimack community.

Vice Chairman Rothhaus wished the citizenry a happy and safe holiday and wished Captain Albert well in his future endeavors.

Councilor Mahon stated he and his wife were traveling to New York City on Sunday to meet with the first exchange student that they hosted 28 years ago.

Chairman Harrington wished the citizenry a great holiday season!

Adjourn

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

The December 15, 2016 meeting of the Town Council was adjourned at 10:40 p.m.

Submitted by Dawn MacMillan