

Approved: December 18, 2014

Posted: December 19, 2014



Town Council Meeting Minutes

Thursday December 4, 2014, 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 Mahon, Councilor Boyd, Councilor Dwyer, Councilor Koenig, Councilor Rothhaus, Councilor Woods, Town Manager Eileen Cabanel, and Assistant Town Manager/Finance Director Paul Micali.

Pledge of Allegiance

Councilor Koenig led in the Pledge of Allegiance.

Announcements

Regular meetings of the Town Council will be held on Thursday December 18, 2014 and January 8, 2015 at 7:00 p.m. in the Matthew Thornton Room.

Based on the weather forecast, the decision was made to postpone the holiday parade and tree lighting. The event will be held on Sunday, December 7, 2014. The parade will begin at 3:00 p.m., and the tree lighting at Abbie Griffin Park at approximately 3:45 p.m.

The parade will begin at the Commons Shopping Plaza located at 515 D.W. Highway and travel down D.W. Highway to Baboosic Lake Road, ending at the Town Hall. The annual Badges vs. Hardhats Community Food Drive is underway. Drop-off donated non-perishable items at the Police Department or the Public Works Department now through January 1, 2015. All donations are delivered to local food pantries to help families in need this holiday season.

Town Manager Cabanel expressed her sincere gratitude to the public safety officials and particularly the Public Works employees for the wonderful job they did on the evening before Thanksgiving. She also thanked the citizens of Merrimack for their heartiness during a time when so many lost power.

Comments from the Press and Public - None

Recognitions, Resignations and Retirements

1. Acceptance of Resignation of Stanley Bonislowski from the Merrimack Planning Board

Submitted by Town Council Chairman Nancy Harrington and Vice Chair Tom Mahon

The Town Council to accept the resignation of Stanley Bonislowski from the Planning Board where he has served as a member since June 2011.

Chairman Harrington spoke of volunteer time Mr. Bonislowski provided during a prior term on the Planning Board as well as time on the Zoning Board of Adjustment and for a great many other Town activities.

MOTION made by Councilor Boyd and seconded by Councilor Mahon to accept, with sincere regret, the resignation of Stanley Bonislowski from the Merrimack Planning Board. MOTION CARRIED 7-0-0

Approved: December 18, 2014

Posted: December 19, 2014

Councilor Boyd commented he and Councilors Koenig, Mahon, and Rothhaus had the privilege of serving with Mr. Bonislowski on the Planning Board. He remarked no one can doubt the amount of time he put into meeting preparation. He was always prepared and thoughtful. He has served the community with distinction. He thanked Mr. Bonislowski for his service, and wished him well in his future endeavors.

Appointments

1. Merrimack Public Library – Roof Project Update

Submitted by Library Board of Trustees Chair Jennifer Jobin

An update on the roof restoration project from the Library Board of Trustees and Library Director.

Jennifer Jobin, Chairman, Library Board of Trustees, stated in last year's budget the Library had requested \$17,000 to supplement money in the Capital Reserve Fund to allow the Library to move forward with what was estimated to be a \$53,000 cost to restore the roof. Bids received were higher than the original estimate. Finance Director, Paul Micali, and the contractor attended a Trustees meeting to go over the different options available, which were; 1) go forward with the project as proposed at a cost of roughly \$85,000, which included two coats of a protective coating and a 15-year warranty, 2) go forward with the project with only a single coat and opt to do a second coat at a later date (within 2 years) and a warranty of 10 years or less, or 3) put off the project altogether. The Trustees reached agreement the project could not be delayed for a couple of reasons; 1) leakage was increasing and threatening to damage materials and equipment, and 2) flat roof projects are escalating in price rapidly. There is great demand for such work at this time and not a lot of people who do this type of work.

Questions were posed regarding conducting the project in phases. The majority had to be completed in a single phase and the only portion that could be delayed was the second coating. That option was eventually ruled out because of the escalating cost factor.

The Trustees agreed to move forward with the entire project. Trustee funds were analyzed to determine how the additional \$32,000 could be obtained. Trustee savings accounts are set up for revenue that is generated through patron fines. Periodically revenue from fines is moved from the checking account to the savings account to generate a small amount of interest. There are stipulations on how that revenue can be expended; one of which is building repairs. One of those savings accounts was closed out as a means of covering the additional costs.

When work began in October, all seven (7) of the roof drains were found to be inoperable and in need of replacement (\$1,000/ea.). Those additional costs will be funded through Trustee funds.

Yvette Couser, Library Director, noted panels to be placed on the vertical and slanted sections of the windows are included as part of the bid. At present, the vertical pieces are brick, which is being insulated with a spun rock material, which does not retain moisture. Over that will be colored panels intended to coordinate with the existing material.

The areas where moisture retention was seen during the roof scan performed last fall have been cut and taken up. They have been coated with a White Knight sealant. The contractor went up 3' on the

Approved: December 18, 2014

Posted: December 19, 2014

section of slate roofing, removed the slate, placed a row of material down, will be placing the White Knight sealant underneath, and will then put the slate back in place.

Director Couser spoke of a large rain storm in October, which highlighted the existing leaks as well as others that were previously unidentified. With workers onsite they were able to immediately address all of the leaks and get everything sealed up.

There are times when there is a condensation problem, which is sometimes the result of the circulation around the brick and window not evaporating quickly enough. Over the next year the north window will be watched. There is leakage when there is more of a horizontal or strong rain that blows to the window. The roof edge where leaking may have been has been addressed and there is a plan to place additional sealant on the brick around the top of the window and then watch it to see if the issue is related to the window, in which case window replacement would have to be addressed.

When asked about a completion date, Director Couser stated there to be a week's worth of work remaining. Timing is weather dependent.

When asked about the total cost of the project to date, Director Couser stated it to be \$92,000. Councilor Rothhaus questioned whether the contractor would review the roof in the spring. Director Couser stated once the project is complete and all materials have been removed from the roof, a review will be conducted to ensure it is up to the desired standard.

Paul Micali, Finance Director noted the contractor has stated the reason the cost escalated to \$92,000 was due to unforeseen issues that were believed best to address as part of the project to avoid finger pointing in the future. He also suggested in 5-7 years the roof be washed and another coating of the White Knight put down, which would extend the warranty even further.

Councilor Koenig commented funding escalated beyond expectations, and has been covered through use of available funds. He questioned whether that has resulted in particular hardships for which they would be looking to the Council to assist with. Director Couser's response was not at this point. Councilor Koenig thanked Chairman Jobin and Director Couser for the update. An invitation was extended to the Council to attend the Library Open House scheduled for December 17, 2014 at 4:30 p.m.

Public Hearing - None

Legislative Updates from State Representatives - None

Town Manager's Report

Town Manager Cabanel stated the ramps for the F.E. Everett Turnpike, Exit 12 in Merrimack will be closed for toll removal work on Saturday, December 6, 2014. It is expected that the northbound ramp will be closed from 8:00 a.m. to noon, and the southbound ramp from noon to 4:00 p.m. Times may vary with the progress of work.

Property tax bills are due on Monday, December 8, 2014.

Consent Agenda - None

Old Business – None

New Business

1. Recommendation for Appointment of the Merrimack Senior Citizens Club Representative Member to the Parks and Recreation Committee

Submitted by Town Council Chairman Nancy Harrington and Vice Chair Tom Mahon

The Town Council to consider the Merrimack Senior Citizens Club's recommendation to appoint Maureen Hall as the Merrimack Senior Citizens Club representative member to the Parks and Recreation Committee, pursuant to Article 6-1 of the Town Charter.

MOTION made by Councilor Mahon and seconded by Councilor Boyd to appoint Maureen Hall as the Merrimack Senior Citizens Club representative member to the Parks and Recreation Committee, pursuant to Article 6-1 of the Town Charter. MOTION CARRIED 7-0-0

2. Donation Acceptance for the Merrimack Police Department

Submitted by Captain Peter Albert

Town Council to consider the acceptance of a donation of a Universal Microchip Scanner, valued at \$300.00, from the American Kennel Club to be used by the Merrimack Police Department's Animal Control Officer, pursuant to Charter Article 8-15 and RSA 31:95-e.

Captain Peter Albert, Merrimack Police Department, informed the Council the new Animal Control Officer, was in training at the Animal Rescue League, and was provided information about a program conducted by the American Kennel Club called AKC Reunite. He completed an application, which was accepted. The department is seeking approval from the Council to accept the donation of a Universal Microchip Scanner valued at \$300.00.

MOTION made by Councilor Mahon and seconded by Councilor Boyd to accept a donation of a Universal Microchip Scanner, valued at Three Hundred Dollars (\$300.00), from the American Kennel Club to be used by the Merrimack Police Department's Animal Control Officer, pursuant to Charter Article 8-15 and RSA 31:95-e. MOTION CARRIED 7-0-0

3. Donation Acceptance for the Merrimack Finance Department

Submitted by Finance Director Paul T. Micali

Town Council to consider the acceptance of a donation of a Xerox color printer, valued at \$430.00, from an anonymous donor to the Finance Department, pursuant to Charter Article 8-15 and RSA 31:95-e.

Director Micali spoke of being approached by a neighbor of his informing him of a color printer that he wished to donate to the Finance Department. The equipment was brought in-house and is in good working order (about 2 ½ years of age).

MOTION made by Councilor Boyd and seconded by Councilor Woods to accept the donation of a Xerox color printer, valued at Four Hundred Thirty Dollars (\$430.00) from an anonymous donor to the Finance Department, pursuant to Charter Article 8-15 and RSA 31:95-e

ON THE QUESTION

Councilor Koenig questioned the associated costs, e.g., toner, ink, etc. Director Micali responded an online review leads him to believe toner cartridges would have a life expectancy of about 1 ½ years. The printer is a Phaser printer, and no more expensive to operate than the other color printers in Town. This printer would be placed in the office of the Deputy Finance Director to replace a printer that is on its way out, and would have to have been replaced shortly. **MOTION CARRIED 7-0-0**

4. Review of Proposed Capital Improvement Plan

Submitted by Town Manager Eileen Cabanel and Finance Director Paul T. Micali

The Town Manager and Finance Director will review the CIP that will be presented to the Planning Board on December 16, 2014, pursuant to Charter Article 8-9.

Town Manager Cabanel provided a PowerPoint presentation. The Capital Improvement Plan (CIP) covers the period of 2014-2021. The CIP provides an overview of anticipated expenditures in the short and long-term. Understanding the scope of planned projects for which Capital Reserve Funds have been established, allows for proper planning with regard to allocations to these funds.

A few years prior the decision was made to carve out a place in the budget for capital reserve funding. In the past, these funds seemed to be targeted when looking for a means of reducing the overall budget, e.g., reducing the amount of allocation. As a result, there were years when allocations were in the \$300,000 range with expenditures of \$1.5 million. The funds were continuously being depleted. Rather than allowing other areas of the budget to impact this area, the desire was to create a distinct location for capital reserve funding so that it could be measured against expenditures on a yearly basis.

Approximately three years ago, funding began to be allocated for known, recurring expenses such as ambulances, fire equipment, road infrastructure, Highway Department vehicles, communication equipment, computer equipment, etc.

A slide was projected outlining historical funding levels. In FY11, only \$365,000 was placed in the Capital Reserve Fund. The following year's allocation was \$538,960. Expenditures continued at the same rate, which resulted in the fund beginning to deplete. Efforts have continued to improve that situation.

Town Manager Cabanel spoke highly of the efforts made by the Town, and stressed the importance of saving for known expenses as opposed to bonding. As a result of those efforts, the Town has very little debt. Proposed for FY16 is an allocation of \$1,560,000. There are two areas where large increases are anticipated; road infrastructure was \$400,000 in FY15; however, is typically in the \$600,000 range. In FY15 only \$400,000 was utilized as a result of sewer projects that were underway and the ability to piggyback onto those projects as well as the McGaw Bridge project being at a lower cost than others coming forward. The additional \$200,000 is primarily for the match for the cost of the upcoming bridge work (2 bridges will each be in the \$3.5 million range). The other area is listed as Communication Equipment. That is related to the radio console and communications equipment at the Police Department. It is anticipated, in a few years' time, the current system will no longer be able to be serviced (cannot get replacement parts). Two hundred thousand dollars has been included towards that project.

Approved: December 18, 2014

Posted: December 19, 2014

Councilor Rothhaus questioned the age of the current communication system. Paul Micali, Finance Director, noted the system referred to is the dispatch center (console, monitors, and microwave). One of the towers recently required a replacement microwave. The vendor has advised the life expectancy for the equipment is 10-15 years. The system is currently at the 15-year mark, and there are plans to push it out to 18 years; however, the vendor is of the belief the system will last 18 years (partially due to replacement of the microwave). The total expense is believed to be in the \$500,000 range.

Chairman Harrington commented the Town is fortunate enough to have its bridges in the Federal program and to have been approved for replacement; however there is a 20% match required of the Town. When discussing a \$3.5 million project, there is the need to have the matching funds available.

Town Manager Cabanel spoke of efforts put forth by Rick Seymour, Director and Kyle Fox, Deputy Director, Public Works Department, working with the State to address concerns related to the bridges in Town. Costs to repair two of the bridges are over \$3.5 million. The State allocates approximately \$6 million/year for bridge aid throughout the State. The Town was fortunate to be able to get some of its bridges into the Federal program.

Town Manager Cabanel remarked there are two components to the capital reserve fund; the allocation (deposit) and the expenditure (expense). The proposed allocation for fire equipment has been increased from \$75,000 in FY15 to \$125,000 for FY16. The increase would cover the cost of the Self Contained Breathing Apparatus (SCBA) equipment in the event the Town is not successful in its grant application.

Councilor Rothhaus noted the importance to fund the item at this time to cover the expense should the grant application not be successful. However, understanding the equipment has an approximate 15 year life expectancy, he questioned whether the intent would be to begin funding for the next purchase at this time. Town Manager Cabanel stated her belief the item would be funded over time, but not to the extent being proposed at this time.

Items for which monies are expected to be expended include: \$320,000 (20% match for \$1.6 million project) for the Bean Road Bridge replacement, \$100,000 for stormwater drainage improvements, \$800,000 for paving – infrastructure improvements (\$125,000 from registration fee revenue and \$675,000 from the operating budget), and \$400,000 for the remainder of the D.W. Highway resurfacing (from Chamberlain Bridge to Reeds Ferry Lumber).

Town Manager Cabanel commented there has been some discussion of the need for physical infrastructure. The Fire Department South Station expense has been identified for FY18 primarily to be funded by bonds and \$200,000 to come from capital reserve. The \$650,000 from the mall remains in the account. The Highway Garage is identified for FY17 (\$3.3 million). There is a placeholder in FY21 for the Library. The Library is not prepared to make any proposals at this time, but did not wish for the need to be out of view. The number is not yet known; however, it is placed in the CIP at \$6 million. Another placeholder in FY21 is for athletic fields (\$2 million).

The breakdown of funding for FY16 is as follows: \$820,000 from capital reserve funds, \$675,000 from the budget, \$125,000 from the road improvement fee paid through motor vehicle permits, and \$1,280,000 from State aid (Bean Road Bridge).

Approved: December 18, 2014

Posted: December 19, 2014

Bridge projects that have been completed or proposed for completion include: Bedford Road (near Joppa Rd.) completed in 2008 at a total cost of \$1,719,000 (Town's portion 20% match or \$343,800), Turkey Hill Road in 2012 at a total cost of \$2,206,000 funded 100% by State (stimulus monies), Amherst Road in 2012 at \$390,000 funded 100% by the Town, Wire Road in 2013 at a total of \$1,035,000 (Town 20% match or \$207,000), Manchester Street in 2014 at \$2,609,000 (Town portion 5% or \$130,450, City of Nashua portion 15% / State 80%), McGaw Road planned for 2015 at \$1,647,000 (Town 20% or \$329,400), Bean Road in 2016 for \$1,570,000 (Town 20% or \$314,000), Bedford Road (near Pearson Rd.) in 2017 for \$2,556,000 (Town 20% or \$511,200), and US Route 3 over Baboosic Brook in 2019 at \$2,520,000 (Town 20% or \$504,000). Total over 11 years of \$16,252,000 of which the Town will contribute \$2,729,850. Director Micali remarked he has been told this is the most aggressive bridge schedule in the State.

Stormwater drainage improvement projects that are anticipated, dependent upon funding and bids received, include: Turkey Hill Road near McQuestion, D.W. Highway/Naticook Brook, Burt Street/Valleyview Drive, Amherst Road, Wilson Hill Road, Executive Park Drive, Thornton Road West, and Town-wide basin repairs.

Slides were shown depicting some of the paving and infrastructure improvements that have taken place over the past 5-6 years. Projected for 2015 are; Baboosic Lake Road (D.W. Highway to O'Gara Drive), Wire Road, (D.W. Highway to Bedford Road), Danforth, Cummings, Hassell, Hutchinson, and Cowin. Town Manager Cabanel stressed the identified work to be completed is based upon available funding and bids received.

Minor projects are primarily equipment. Being proposed for FY16 is \$54,000 to begin saving for the radio upgrade at the Police Station, \$200,000 for a new ambulance (replacing a 2005), \$82,334 for SCBA equipment (should the grant application not be successful), \$30,000 for Cardiac defibrillator/monitor/ transmitter, \$155,000 for a 6-wheel dump truck for the Highway Department, \$150,000 for a loader for the Highway Department, \$106,000 out of the general budget for 3 patrol vehicles for the Police Department, and \$30,000 for a stake-body truck for the Solid Waste Division. There is also \$35,000 proposed for software licenses.

A slide was displayed identifying minor projects for the Wastewater Treatment Facility (WWTF) (paid out of user fees) and the Cable Franchise (paid out of franchise fees).

Funding sources for the FY16 proposed projects as identified as \$736,334 from capital reserve funds, 106,000 from the operating budget, \$75,000 from User fees for the WWTF and \$40,000 from franchise fees from the cable franchise.

Councilor Boyd remarked over the past few years Bedford Road from Pearson Road to D.W. Highway has been patched during and following the winter months. He questioned whether that stretch of roadway ranks on the CIP for new paving. Director Micali stated a response would be provided at a later date as the information was not readily available.

Councilor Koenig spoke of the slide covering funding sources for the minor projects, and noted the amount to be utilized from WWTF user fees in the current fiscal year is identified as \$75,000 and in FY16 as \$185,000. He questioned whether the difference is reflective of changes in fees, coming out of a reserve fund, etc. Director Micali stated the monies would come out of the capital reserve fund for

Approved: December 18, 2014

Posted: December 19, 2014

the WWTF. The CIP has also been put in their rate study sheets so that it is all taken into account. The two large items are a bobcat with accessories for the cross-country sewer maintenance the Town is responsible for (\$75,000 in FY16) and continuing with an uptick of manhole/sewer line rehabilitation (increase of \$50,000). Those are the reasons why the figures go from \$75,000 to \$185,000. It has already been accounted for in the rate study, and is coming out of a savings account set aside for this.

Town Manager Cabanel stressed the information provided was an overview. More detailed discussions can occur when the department heads appear before the Council.

Councilor Boyd questioned whether having the most aggressive bridge project in the State is a good thing or a bad thing. Director Micali stated it to be a good thing as the efforts to bring the projects forward provide for the 80% match. The State is aware the Town will be prepared to fund its 20% share. Director Micali commented the reason the Town did not have to share in the cost of the bridge work on Turkey Hill Road is because all of the drawings were ready to go. He commented for the majority of the bridges the department/Town has the projects shovel ready.

Councilor Koenig spoke of the slide that detailed the proposed property tax to finance the CIP. He noted in FY14, the figure was \$1,446,026, in FY15 it was \$1,538,397, and then it ramps up to the point where in three years' time it will be at \$2,668,267, and then remain somewhat level. He questioned whether the Town has historically been at that level or if what is proposed is a change in attitude or action to start putting that much money in the bank accounts. Town Manager Cabanel responded the Town is working towards recovering from the days when the allocation into the capital reserve fund was in the \$300,000 range. In this particular year the Town is just about breaking even. The amount of money going into the fund is about the same as the amount coming out. She remarked some of the amount has to do with bridge projects continuing on at the same \$600,000 level, some has to do with increasing costs of highway equipment, fire equipment, and bonds. She remarked when originally talking about this some three years ago, the hope had been to get to the \$1 million level, but what was really necessary was to be higher than that. That is what the Administration is trying to get to now to the point where the bridges can be done, roads can be done, equipment can be purchased on a regular basis, etc. all through savings.

Councilor Koenig questioned if it is expected the \$2.5 million to be a number that the Town would look at into the future. Town Manager Cabanel responded \$2.5 million to \$2.6 million including debt. From where we are now at \$1.56 million, to FY21 at \$1,725,000, plus debt service for the fire station and the public works garage.

When asked about the costs associated with annual debt, Town Manager Cabanel stated the debt service on outstanding bonds in FY16 is \$449,874. It continues at a near level amount until FY19 when it drops sharply to \$155,525 (one of the bonds is paid off) and then stays steady around that rate. Councilor Koenig summarized the Town is basically going from about \$1 million in capital reserve fund deposits up to \$1.7 million/\$1.9 million when you take out the debt factors. The hope is for that level to continue.

Councilor Dwyer spoke of the low cost of borrowing at this time. He spoke of the Town learning of the \$500,000 expense associated with Police communications, \$400,000 for the Fire Department, etc., and commented if there are capital improvement items that have a 20+ year life expectancy, he is not opposed to borrowing at this time. Although it is nice that the Town is so lean on debt; however, he

Approved: December 18, 2014

Posted: December 19, 2014

would not want to squeeze the taxpayers to put in almost \$2 million every year when, if lumped together, some of the items could be addressed through bonding. He stated a desire to have a discussion of pooling items that have a long life expectancy and consider borrowing to cover the cost.

Chairman Harrington remarked it is sort of a philosophical discussion as well; the idea of bonding for long-term costs versus paying upfront. Councilor Dwyer suggested there has to be a compromise. Chairman Harrington remarked there would be the need to perform a comparison of the cost of the debt versus the yearly allocation.

Town Manager Cabanel remarked some of what is being proposed is replacement of items such as a \$200,000 - \$250,000 dump truck, and it may be that another is needed the following year. Borrowing for that type of expenditure would not make sense. Borrowing for a highway garage or a one-time expense such as the communication center makes sense. She reiterated some of the large ticket items are representative of annual savings for something that is needed. Councilor Rothhaus remarked if monies are needed for a new structure he believes in bonding, but for annual maintenance item for example, that is something that should be prepared for.

Vice Chairman Mahon departed at 8:20 p.m.

5. Presentation of Proposed 2015/16 Town Manager Budget

Submitted by Town Manager Eileen Cabanel

Town Manager will present her recommended 2015/16 budget to the Town Council.

Town Manager Cabanel stated a great deal of work goes into the budget process before it is even provided to her. She noted 60-70% of the budget is prepared by the Finance Department. They calculate wages and benefit costs for each employee and forward the information to the appropriate department for review. The Finance Department also calculates/inputs costs associated with expenses such as property & liability insurance, utility expenses, gasoline, etc. By handling these cost items in this manner the process is uniform throughout the budget. After receiving the budget from the Finance Committee, meetings are conducted with the larger departments to discuss what is being proposed by the department, increases being seen across the board, e.g., insurance rates, etc.

In order to calculate the tax rate one must subtract from total expenditures, revenue gained from other sources. The Town gains a little over \$8 million a year from sources other than property taxes; the largest being motor vehicle registrations (nearly \$4 million/year). What remains is the amount to be raised through taxes.

Addressing the revenue side, Town Manager Cabanel stated the anticipated insurance rebate to be \$315,000. Having received a rebate of \$75,000 in the prior year, the amount of net increase is \$240,000. Motor vehicle revenue is projected to experience a slight increase; however, this revenue source can vary. The Current Use Change Tax is expected to increase by \$50,000, which is based on inquiries to the Assessing Department, e.g., new development, etc. Interest on delinquent taxes is expected to increase by \$20,000, State Rooms & Meals Tax shows a projected increase of \$45,000, interest rates on monies in the bank are predicted to stabilize, albeit at a low rate.

A decrease (\$10,000) has been seen in motor vehicle infrastructure revenue. Councilor Koenig questioned why that figure would decrease if vehicle registration revenue is increasing. Director

Approved: December 18, 2014

Posted: December 19, 2014

Micali responded fewer cars are being registered; however, people are buying newer vehicles, which are more expensive to register.

With regard to administrative charges to special revenue funds, Town Manager Cabanel stated the General Fund takes in quite a bit of money from other funds, e.g., sewer fund, daycamp fund, etc. They pay for the Financial Department services, which are reducing slightly.

With regard to appropriations, Town Manager Cabanel spoke of many categories having experienced changes, and the desire to provide a broad overview. The New Hampshire Retirement costs have increased, which has an impact on the Town of \$101,000. For the employer contribution alone for a regular employee (not police or fire), the Town's share is 11.7% of the individual's wage. Previously the percentage was 10.77%. For a Police Officer, the current employer rate is 25.30%. It is going up to 26.38%. The employer rate for Fire employees is going from 27.74% to 29.16%. When asked, she stated her belief the fire employee is paying 11.3%. An employee not police or fire is paying 7%.

The Guaranteed Maximum Rate (GMR) for property & liability insurance has been stated to be 7% or an increase of \$11,000. The Nashua Transit increase of \$6,500 is a large percentage increase (25%). Town Manager Cabanel stated she has not met with the City or received the facts and figures from them as to the rationale for the increase. She has been informed a meeting will be arranged to provide that information. Director Micali stated a letter was received requesting the increase. The requested amount was listed in the proposed budget. Once the requested information is received a decision will be made as to whether a further recommendation should be made, e.g., back to flat.

The following are projected increases: electricity \$35,000, natural gas \$9,000, vehicle maintenance \$27,000, office and communications equipment \$16,000, general building maintenance \$27,000, minor equipment purchases \$32,000, tipping fees \$7,500 (\$1/ton), recycling tipping fee \$8,000 (\$5/ton), electronics disposal \$11,000, and library materials \$7,000.

In terms of staffing, the Library has proposed combining two part-time positions to one full-time technology position at an increase of \$8,000 (salary only). Being proposed are two additional part-time employees; one in the Town Clerk/Tax Collector's Office (\$13,000 wages) one in Code Enforcement (\$16,000 wages). Town Manager Cabanel spoke of long lines and the increase in workload at the end/start of the month for the Town Clerk/Tax Collector's Office. With retirements on the horizon within the Fire Department, there is the need for succession planning.

Overtime has increased by \$60,000. The breakdown is as follows: Fire \$5,000, Police \$32,000, Communications \$5,000, Highway \$12,000, Solid Waste \$7,000, and Miscellaneous -\$1,000. The Police Chief has stated the desire to add 3 people to form a team of individuals who could address particular crimes that seem to have a cycle, e.g., drug sale/use, instances of vandalism, shop lifting, etc. Rather than including the cost of three additional officers in the budget, \$32,000 was identified as additional overtime for backfill.

Councilor Boyd questioned whether the Chief requested an increase in staffing, and was informed the request was for the addition of 3 employees. Town Manager Cabanel noted the proposal does not identify all items requested by each department. It represents what she is proposing as a budget. She has instructed each department head, if disagreeing with what is proposed, to bring forward any information/request they wish to the Council during the departmental review process.

Approved: December 18, 2014

Posted: December 19, 2014

Councilor Koenig questioned whether police details are considered overtime, and was informed they are; however, financed by other entities. What is being proposed is a general fund increase in overtime. Town Manager Cabanel stated the remaining overtime amounts are based on actuals.

The Fire Department has requested the opportunity to send an employee, each year, for paramedic training. The proposal would be for the Town to pay the cost of that education. The increased cost would be to backfill the employee's shift. Clinicals, etc. would be on the individual's own time. The Town would require the employee to sign an agreement that if the training is provided the employee would remain employed with the Town for a determined number of years or reimburse the Town for the expense. The Chief has been asked to inquire as to whether or not the hospitals would be able to contribute through scholarship/grant, etc.

Councilor Rothhaus questioned how training is currently addressed. Town Manager Cabanel stated the Town is trying to hire Paramedics; however, experiencing difficulties as the position is highly sought after.

The increase associated with legal fees is the result of having decreased the line item over the past few years, and the fact there are 6 union contracts that will be negotiated in the coming year.

Capital Reserve funding is increased by nearly \$500,000.

Items referred to as savings include a \$310,000 savings as a result of the GMR for health insurance coming in at 3.5%, 5 union and non-union full-time employees paying 10% of health premium, Workers' Compensation GMR being a 0% increase, gasoline and diesel pricing are lower than anticipated (\$10,000 savings), no raises beyond steps in union contracts, miscellaneous wage adjustments due to staffing turnover net of steps (\$33,000 savings), and miscellaneous savings (\$6,500).

Town Manager Cabanel remarked this will be the first year where employees, with the exception of one union, will be changing health insurance. There will be cost avoidance as well as savings. The actual savings will be in the \$500,000 range.

The end result of increases in appropriations and decreases associated with savings is an increase over last year's budget of \$80,539.

Town Manager Cabanel displayed a slide identifying total proposed expenditures, monies that would offset the expense, and the location from which the offsetting monies would come, e.g., capital reserve fund deposits, etc. Total expenditures are proposed at \$26,753,073. Monies that will offset the expenditures will be gained through: capital reserve fund deposits (\$1,560,100), other capital (\$255,000), road infrastructure (\$800,000), and capital reserve fund expenditures (\$2,836,334) for a total proposed operating budget of \$21,301,739.

Capital Reserve Fund deposits in FY15 totaled \$1,077,000. Proposed for FY16 is \$1,560,000, an increase of \$483,000 or 44.85%. It was noted the proposed increase is primarily the \$200,000 in communications equipment for the Police Department and an additional \$200,000 in roads and bridges infrastructure to meet the need for a 20% match on bridge projects. Last year townspeople approved

Approved: December 18, 2014

Posted: December 19, 2014

the establishment of a new capital reserve fund for the GIS system. Ten thousand dollars was placed in that fund with an understanding during the following two years an additional \$65,000 would be allocated.

Other capital totaled \$233,000 in FY15 and is proposed at \$255,000 for FY16, which is an increase of \$22,000 or 9.44%. Some of the expenses include a roof and mower for the Highway Department, police vehicles (3), rifles and sidearms for the Police Department, building repairs for the Library, etc.

Road Infrastructure is proposed at the same amount funded in FY15 (\$800,000). Capital reserve fund expenditures have decreased. It does not affect the budget as the exact amount of money comes in, e.g., when depositing monies into a capital reserve fund it comes out of that year's tax rate. If you take money out you are taking money you already have.

Because of the difference in capital reserve funds, the general fund total identifies a savings of \$214,127.

Town Manager Cabanel stated what makes up the increase in the budget are operating funds (\$80,000), capital reserve fund deposits (\$483,000), other capital (\$2,000), and a decrease in capital reserve fund expenditures (\$799,666).

A slide was displayed identifying balances in the capital reserve funds projected as of 7-1-2015 (\$2,424,066). The proposal for FY16 is to put into the capital reserve funds \$1,545,000 and expend from the funds \$1,556,334.

Referring to the slide titled CRF Funds, Director Micali remarked a question raised earlier was with regard to the balance in the fund for sewer infrastructure improvements; as of 6/30/16 the anticipated balance would be \$471,510. The balance as of 7/1/15 is anticipated to be \$581,510. The proposed allocation is \$75,000 (from user fees) the proposed expenditure in FY16 is \$185,000 resulting in the \$471,510 balance. Councilor Koenig questioned whether the CIP identifies expectations to expend those funds over the next 6-10 years. Director Micali stated the CIP outlines expenditures for a good portion of the fund.

Councilor Woods remarked with the proposals for expenditures from the capital reserve funds, department heads are aware of what items will be purchased, e.g., police vehicles, fire truck, etc. He stated his opinion some of the funds could be lumped into a competition of sorts whereby the department heads approach the Town Manager with requests and compete for those funds in any given year. It may be that additional savings could be achieved through competition. Councilor Dwyer questioned if the intent was a prioritizing, e.g., if there was greater need for an ambulance, etc. Councilor Woods stated agreement. Town Manager Cabanel responded she likes the idea of such an approach particularly when it deals with equipment purchases.

Councilor Rothhaus suggested those are conversations that should take place. The intent of the CIP is to plan and save for known future expenses as a means of avoiding large spikes in expenditures in any given year. It provides for some stability in the tax rate. He remarked occasionally putting off the purchases of items such as cruisers isn't a bad idea.

Approved: December 18, 2014

Posted: December 19, 2014

Town Manager Cabanel noted the capital reserve expenditure funds receive as much scrutiny as the operating budget, e.g., when the Police Chief requests 3 cruisers, he has to provide the justification for that expense. The same thing occurs with requests made by the Director of Public Works, etc. Although the purchases may be identified for a specific year, it is not as much of a given as one might think.

Town Manager Cabanel provided additional detail on capital reserve fund expenditures. The Fire Equipment fund has planned expenditures for cardiac defibrillators and SCBA equipment. When asked, Director Micali stated the grant submittal is due in a week's time, and it may be after the completion of the budget process that it is known whether or not the application was successful. Under Computer equipment the expenses identified are associated with licenses and server upgrades.

Town Manager Cabanel stated the proposed budget has an increase in operating expenses of \$80,539, an increase in capital reserve funds of \$483,000, and a proposed increase in other capital expenses of \$22,000 for a total proposed increase of \$585,000. With a participated net increase in revenue of \$350,000, the resulting net increase would be \$233,000 \pm , which equates to approximately \$0.08 on the tax rate.

From the appropriations, revenue from other sources is subtracted and overlay for abatements and veterans' credits are added back, which results in a proposal for \$16,326,000 to be raised through taxes.

Town Manager Cabanel noted the value of the Town has not been increased. Last year Atrium Medical was shown as a \$7.5 million increase. It came in quite a bit higher. The projected tax rate was \$.20; however the actual increase was \$.17. The proposed tax rate for FY16 is \$0.08.

Town Manager Cabanel remarked what will occur with State revenues remains unknown. Discussions have occurred over the past few years with regard to cutting Rooms & Meals and the Highway Block Grant. The figures included in the proposed budget are what the State is projecting the numbers to be. During budget deliberations at the State level this could change. Also unknown is the outcome of a union contract.

When asked, Town Manager Cabanel stated the current budget to be about \$30 million, approximately \$8 million comes from sources other than taxes. Slides provided identifying the portion (percentage) of the budget allocated to school, municipality, and county costs was based on the amount of money to be raised through taxation.

Councilor Rothhaus stated his impression, on the Town side, a greater percentage of the operating budget is offset by other revenues. Town Manager Cabanel stated agreement.

Councilor Koenig spoke of the level/amount of services provided for through the municipal budget. He thanked the Town Manager and Finance Director for their presentation, and all of the work put into the proposed budget.

Councilor Boyd questioned when information might be known relative to the State budget. Director Micali stated the Governor will present her budget by the second week of February. There will be

Approved: December 18, 2014

Posted: December 19, 2014

feedback from both the House and the Senate as to their plans moving forward. Final numbers will not be known until June 30th.

Minutes

Approve the minutes from the following Town Council meetings:

MOTION made by Councilor Boyd and seconded by Councilor Dwyer to approve the minutes of the Town Council meeting conducted on November 6, 2014 as presented. MOTION CARRIED 4-0-2

Councilors Woods and Koenig Abstained

Comments from the Press - None

Comments from the Public - None

Comments from the Council

Councilor Boyd expressed Birthday wishes to Chairman Harrington and Councilor Koenig.

Councilor Boyd thanked all of the public servants who worked to keep the public safe during the Thanksgiving holiday.

Chairman Harrington informed the Council and viewing audience the American flag that is flown at the John O'Leary Community Center is in need of replacement. Senator Ayotte is going to replace it with a flag that was flown over the Capital. Senator Ayotte will be in Town on January 5, 2015 at which time a ceremony will be conducted. Invitations are forthcoming.

MOTION made by Councilor Boyd and seconded by Councilor Koenig to adjourn the meeting. MOTION CARRIED 6-0-0

The December 4, 2014 meeting of the Town Council was adjourned at 9:33 p.m.

Submitted by Dawn MacMillan