

**WATERVILLE VALLEY, NH
BOARD OF SELECTMEN
BUDGET AND BOND ISSUE PUBLIC HEARING MINUTES**

DATE: February 6, 2019

MEMBERS PRESENT: Chairman Mike Aronson, Margaret Turner, Rich Rita.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mark Decoteau, Jim Mayhew, Chris Hodges, Dave Noyes, Sharon Charron, Brooke Wakefield and Judy Rolfe. Twenty-one members of the public were also in attendance.

1. The meeting was called to order at 6:00 PM by Selectmen Chair Mike Aronson.

2. Privilege of the Floor

The Chairman of the Board of Selectmen, Mike Aronson, welcomed everyone to the meeting. Mike then turns the meeting over to the Town Manager, Mark Decoteau.

3. Public Hearing on the Fiscal Year 2019 Budget

The Town Manager, Mark Decoteau, states that this is a budget hearing for fiscal year 2019. He explains that tonight there will be 2 public hearings; one for the operating budget and a second one for the bond issues. There are presentation handouts and copies of the proposed budget on a table in the back of the room. He continues by defining several terms for the audience that he will be using tonight; operating budget, revenue, and appropriation.

The proposed operating Budget is \$3,982,499. There are new bonds for 2019 totaling \$1,300,000. The special warrant articles total \$290,100. The bonds and special warrant articles will be voted upon at the Town Meeting. The appropriations total is \$5,572,599. The estimated revenues total \$2,672,930, which includes the use of Fund Balance in the amount of \$126,100. When the revenues are applied against the appropriations, the remainder is \$2,899,699, which is the amount to be raised by taxes. Mark then reviews the impact on the town's portion of the tax rate to a \$250K, \$500K, and \$750K properties as examples. Those increases are \$84.48, \$168.96, and \$253.44 revenues. This is a 4% increase in the amount of \$111,613 over 2018. Mike Furgal comments that coincidentally, this is nearly the same amount of the decrease for the School budget for 2019/20.

The major impacts to the budget for 2019 are Capital Expenditures and Operating Expenses. The Capital Improvements involve replacing 2 key vehicles – the Fire Department Ladder Truck and the DPW Trash Truck. Other improvements are trail maintenance and new construction, both one-time expenses. The Operating Expenses involve increases due to health insurance premiums, succession planning in the WWTP, new programs and staffing in the Recreation Dept and debt service payments.

The use of Fund Balance was reviewed. Fund balance is defined as the money saved from previous budgets or revenues that were collected in excess of what was budgeted. The amount returned to fund balance in FY2018 was approximately \$102,500. The current Fund Balance as

of 12/31/18 is \$932,318. Once the budget is approved, the balance would be reduced by \$126,500 to the amount of \$806K. Since 2011 approximately \$1.1 million has been returned to fund balance. The balance of the Fund Balance should fall between 5-17% of the operating capital and currently we are within that range at 11.5-12%. These funds are in an investment account until needed. The Town Manager explains that using fund balance reduces the amount of taxes to be raised in a given year for which it is being used. Fund balance is also used throughout the year for cash flow to reduce the use of Tax Anticipation Notes (TAN).

The Town Manager then reviewed the proposed Special Warrant Articles including as follows:

- Art. 12 - Continue Lease of Ladder Truck (\$100,300) is to continue the lease of the Ladder Truck only if Article 9 is defeated.
- Art. 13 – Lease new DPW Backhoe (\$34,000) is to lease a new backhoe. This is a 4-year lease with a total cost of \$136K. At the lease end, there is a \$1 lease-end purchase. There is expected 10-12 year life of the vehicle. Discussion followed between leasing and purchases and the reasons thereof. Leasing provides more options over bonding and purchasing if town operations no longer require a particular piece of equipment, or town meeting elects not to fund the lease it can be returned without penalty. This funding would come out of Fund Balance.
- Art. 14 – Lease New Recreation Bus (\$22,000) is to lease a new Recreation Department Bus which is a 3-year lease with a total cost of \$66K. Two quotes were sought and the \$66K is the lesser cost of the 2 vehicles. The current bus has numerous issues and it is not worth repairing. This bus is a newer version of the same bus.
- Art. 15 – Purchase Land (\$89,000) is to purchase a parcel of land located between the beach and the Golden Eagle Lodge from the WV Company. The current assessed value is \$88,300 and 2 of the 3 Selectmen (Aronson abstained from vote & discussions) has signed a Conditional P&S on the parcel and allocated another \$700 for legal and administrative fees. The plan would be to incorporate the parcel into the Recreation Department improvement plan for a bath house and storage. The proposed chapel would not be located on this parcel, but close by on Town owned land.
- Art. 16 – Repair Exterior of Library (\$75,000) is for repair and replacement of exterior siding, trim and the roof of the library. Insulation and foundation repairs would also be considered as well by the \$75K.
- Art. 17 – Create Capital Reserve Account for Curious George Cottage (\$10,000) is for building repairs and upkeep of the building. The town maintains ownership of the building and is responsible for the capital maintenance. In 2018 the furnace was replaced for \$7K and if this account existed, it could have been used to cover this cost. As opposed to coming out of general operations. It a one-time funding to create the account and isn't used towards the Rey Center operations. It will be funded as needed in the future if drawn upon.
- Art. 18 – Second Year of DPW Plow Truck Lease (\$30,100) is the 2nd year of the DPW Plow Truck. Due to the non-appropriation clause, this needs to be voted upon each year for continuation of the lease. This lease was approved at the 2018 Town Meeting.

- Art. 19 – Add to Road Repair Capital Reserve (\$20,000) is to add to the existing Capital Reserve Fund for emergency repairs to road, sidewalks and drainage. The current balance is \$39,291. In 2018 \$40K was appropriated for the fund. Discussion followed concerning the holes in the bridge at the end West Branch Rd and if there are any plans for repairs. This bridge is owned by the US Forest Service and we've asked them to address the issue. Minor patch repairs have been done by the Town before but it's harder to do in the winter months. The Selectmen suggested that residents should write letters to the Forest Service requesting that it be repaired properly.

A brief discussion followed concerning the sidewalk tractor and the current condition of the sidewalk this winter.

- Art. 20 – Additional Engineering for Dam Project Engineering (\$10,000) is to provide additional funds to cover the onsite engineering firm as required by DES. The weather conditions this past November during the split construction season caused the engineering costs to increase due to repeated visits by the DES mandated engineers to verify and approve of the ground conditions. The Selectmen will approach the mountain to share in these costs since the split construction season was for their accommodation.

There was a recommendation to add the funding sources for each of the Special Warrant Articles in the Town meeting presentation; Fund Balance, Capital Reserves and New Taxes.

The Town Manager then reviews the Capital Projects that are part of Art. 22 under their respective department:

- Wastewater Treatment Plant – Carbon Replacement Project (\$35,000) This is the 2nd year of a three year planned project replacing the carbon filters.
- Wastewater and Water Repair Account (\$20,000) The current account balance is at \$4,484. This is used for emergency repairs to the water distribution and treatment systems and the wastewater collection and treatment systems.

The Town Manager then reviews the Town Operating Budgets and key items noted included:

- Personnel
 1. 2.3% COLA - Cost of Living Adjustment for full time employees and adjusted pay plan minimum and maximum points. The Northeast CPI rate was questioned to being 1.7% versus the 2.3%. This will be reviewed.
 2. Health Insurance premium increase of 14.6% effective 7/1/19. The plan type was questioned and whether or not adjustments should be made to it as well as to the employee contribution percentage. The board commented that having good benefits plan helps to retain current trained employees and also attracts new employees in the competitive job market.
 3. New Position in Recreation Dept. is a full time position to implement new programs in the expanded Recreation and Parks Department.
 4. Succession Planning in Wastewater Treatment Plant – This is needed for continued successful operation of the Wastewater Treatment Plant as the current operator is looking towards retirement on 12/31/19. There is need to educate,

certify and train replacement operator. Our WWTP plant requires a high level of operator certification. The current water operator had been assisting but since the retirement of Bill Cheney, who could assist in the Water Dept., the water operator has no additional help now. Thus there is a need for a second full time position now so when the current WWTP operator, Greg Campbell, retires, there will be a total of 3 people between the Water and WWTP Departments. Discussion followed concerning if any training costs are incurred by the town and how can the town retain that now skilled and certified employee. Mark stated providing good benefits and a good work environment help in this regard and in this instance no training costs are incurred by the town as these are state offered certification training programs. When additional tuition costs are incurred by the town, there is a repayment agreement if the employee leaves within a certain amount of time.

- Other Budget Lines

1. 4150 Administration – Wage adjustments were made for full time employees and 5 hours/week were added to the part-time position. Health Insurance premiums also increased.
2. 4191 Planning & Zoning – Continuation of Zoning Ordinance review and a planning consultant available for large projects or applications.
3. 4193 Information Technology – There are software updates and improvements to online processes, and increases monthly services and for new internet services.
4. 4199 WVAIA – Additional costs for trail maintenance which is complementary to the Rec Dept's new programs for hiking.
5. 4210 Police Dept – Health Insurance premium increases, changes in coverage and part-time wage adjustment reimbursement for Police Academy attendance. COLA and wage adjustments are also included.
6. 4323 Solid Waste Collection – Wage changes/COLA were made.
7. 4324 Solid Waste Disposal – Changes in tipping fees from recycling to trash. Discussion followed concerning the termination of the recycling and the actions and possible options for solutions. The town is working with NRRA in finding suitable options for recycling. The town is also still looking for other locations which are still accepting recyclables. There are limitations with respect to their location distance from WV and space available in town for the collection and storage. Also discussed were dumpster types, garbage trucks, composting and reducing packaging which creates more waste.
8. 4326 Wastewater – The personnel portions were already discussed. Heating fuel increases are from too many decreases in budgeted amounts in previous year's budgets and need to be brought back to actual use.
9. 4399 MSD Reserve Personnel – The decrease comes from the succession planning in the WWTP in 2018 and this MSW department was used to fund the position.
10. 4520/4525 Recreation and Parks Service – Brooke Wakefield reviews the plan for improvements in response to the increased interest in hiking and outdoor activities by adding a full time position. The Recreation portion will focus on summer camps, facility rentals and the regular operations of the current programs offered. The Parks portion will be focused on the Summit Adventure program, beach & field rentals, special events, waterfront rentals, and trail/field maintenance. A WV trail map and guide is also being planned to highlight WV as a whole as a hiking

destination with many hiking options available from day hikes to overnights. There are plans to partner with other organizations for increased exposure to attract new visitors. WV was recently confirmed as being the oldest trail network in the United States. Discussion followed concerning how to identify benchmarks and goals to measure results to justify the proposal. Also recommended was the ability to distinguish impact to occupancy rates and where guests are coming from and for what reason for their visit (wedding, hiking, biking, tennis, etc).

11. 4711/4721 Debt Service & Principal The Town Manager reviews the Debt Service Principal and Interest Payments which will increase by \$31,981 in 2019 due to the first year of payments on new bonds which were approved in 2018 in accordance with the CIP Plan generated by the Planning Board.
12. Non-Monetary Warrant Articles – There are 3 non-monetary articles. The first is for the Non-Denominational Chapel on Town Land which will have a presentation at Town Meeting. The other two are for the changes to the Selectmen's Ordinances #20 & #21 on Solid Waste Disposal and Solid Waste Container Enclosures. There is a public hearing on the Selectmen's Ordinances scheduled for next week.
13. Petitioned Warrant Articles – There are two petitioned articles. One petition involves changing the Town Meeting Day (deliberative session portion) to another day separate from the Election Day. The other petition involves increasing the Selectmen board from a 3-member board to a 5-member board.

Mr. Decoteau asked if there are any questions on the operating budget and there were none.

Mike Aronson closes the Budget Hearing at 7:38pm and opens the Bond Hearing at 7:38pm.

Mark reviews the requirements for the Bond Hearing and the three warrant articles for 2019. Each article must pass by a 2/3's majority vote for approval on a written ballot.

The Capital Improvement Plan is a function of the Planning Board, which has a CIP sub-committee and the plan is spread out to enable the town to retire old debt before new debt is taken. The current Capital Improvement Plan is now a 30 year plan. The Selectmen's role is to review the proposed CIP plan and review funding for the proposed budget year.

Mr. Decoteau reviews the Debt Service for 2019 and shows, using graphs, the total amount of debt principal and how the debt payments would be affected if all of the projects and equipment/vehicles on the CIP plan are approved. The goal is to keep the level of debt consistent and level so that when old debt is retired, then new debt is started.

Mr. Decoteau reviews each of the three bond articles:

- Art. 11 New Trail and Signage Improvements – (\$150K) Wendy Rathgeber presents on behalf of the Town Core Working Group which also worked upon the new town entrance sign. The project is to establish a better trail and signage system around Corcoran's Pond which will tie into the whole town sign concept that started with the entrance sign. This is part of the effort to create a uniform and easy to understand family of way finding signs for both guests and residents. This is part of the old fitness trail, which will be referred to now as the Village Trail and will be a multi-use path with lighting. The intention is to draw people into and around the center of town and the integration sign family

throughout the town. This is the first step in the trail improvements and ultimately there will connections to both hiking and bike trails leading away from town and into the National Forest trails. A few questions were asked by the audience and answered to their satisfaction.

- Art. 10 Trash Truck Replacement – (\$250K) The need for the truck had been discussed in detail at previous Selectmen's meetings. It was mentioned that it would be nice to see what the NRRA recommendations would be before purchasing, but they will not be visiting the town until May after the snow has melted. There is need to purchase prior to that time since we are currently renting a truck by the hour.
- Art. 9 Ladder Truck Replacement – (\$900K) Chief Chris Hodges reviews the old ladder truck, the items which failed inspection, reasons it was removed from service, and the Public Hearing on the current lease that was entered into in September 2018. Chris reviews the needs for a ladder truck stating that both reach distance and height distance of some buildings are examples that can only be accessed by a ladder truck and its equipment. There are 3 options to consider at this time; continue the current lease, buyout the current lease, or locate and purchase a used truck. The current lease is on a demo truck and has a brand new warranty. Both the lease continuation and lease buyout are on this current ladder truck, which fits into the building without modifications and meets all of the safety and equipment needs. The used truck option comes with limited warranties and older trucks may not meet current standards. The used trucks which were located were all too big for the current building and building modifications could be in excess of \$100-200K. The three cost options are as presented are:
 1. Continue Current Lease \$1,170,862 for an 11 year lease.
 2. Buyout Current Lease for \$900K using \$71,500 from the Ladder Truck Capital Reserve Fund and \$828,500 with a 25 year Bond Issue.
 3. Purchase a used truck with limited warranty. Also involves building modifications with unknown costs.

The life expectancy of a ladder truck is 30+ years and bonding was presented as the best financial arrangement because it spreads the cost out over the useful life of the vehicle rather than a shorter 11 year period, as offered with the lease option. Mark adds that there is also an article (Article 12) on the warrant to enter into an 11 year lease if the article to purchase the truck fails to pass. The article will be tabled until the results are known on the purchase, and will remain tabled if Article 9 passes.

4. Adjourn

Mike Aronson motions to adjourn the meeting.

Margaret Turner: 2nds.

The meeting was adjourned on a unanimous voice vote at 8:21pm.

Respectfully Submitted,
Sharon Charron
Town of Waterville Valley