

SELECTMEN'S MINUTES
January 10, 2011 Budget Public Hearing

MEMBERS PRESENT: Chairman Charles McMahan, Bruce Breton, Roger Hohenberger and Ross McLeod were present. Galen Stearns was excused. David Sullivan, Town Administrator and Dana Call, Asst Town Administrator were also in attendance. Mr. McMahan opened the meeting at 7:05 pm with the Pledge of Allegiance.

ANNOUNCEMENTS: Mr. McMahan announced a program operating through Hannaford Supermarkets which provides a box of food that can be purchased for \$10 and donated to the Shepherd's Pantry of Windham.

PUBLIC HEARING: Mr. McMahan opened the public hearing on the 2011 Town Budget and Warrant, and opted to dispense with reading the full public hearing notice into the record and deferred the presentation to Mr. Sullivan.

The proposed budget figures are as follows:

General Government	\$ 2,124,410.00
Public Safety	6,151,430.00
Highways, Streets and Bridges	1,157,480.00
Sanitation	919,990.00
Health and Human Services	57,110.00
Welfare	57,040.00
Culture and Recreation	1,252,215.00
Debt Service	12,644.00
Capital Outlay	300,000.00
Total Proposed Budget	<u>\$12,032,319.00</u>

The Selectmen will also address all Petition (received as of January 10) and Special Warrant Articles including:

1. \$600,000 for purchase of a fire engine through a long-term note/bond or lease (first year payment of \$208,865 with \$73,757 to be applied from capital reserve funds, \$28,600 from fire impact fees and remainder of \$106,508 funded from the operating budget)
2. \$65,000 for Phase 3 of the Sewer Feasibility Study
3. \$150,000 for purchase of a 5-ton dump truck (offset by State of NH Salt Reduction grant funds of \$120,000 with remainder of \$30,000 funded from the operating budget)
4. \$77,970 for Phase 1 improvements to the Police Station (offset by \$17,500 in police impact fees with remainder of \$60,470 funded from the operating budget)
5. \$200,000 for expansion of the Griffin Park parking lot
6. \$400,000 for purchase of land and buildings at 47 Cobbetts Pond Rd (offset by \$100,000 from conservation land funds with remainder of \$300,000 from the operating budget)
7. \$30,000 for Property Maintenance Trust

8. \$20,000 for Searles School Marketing and Maintenance – funding to come from Revenue Fund
9. \$0 - \$12,144 for paying bond for Searles Building Improvements – funding to come from Revenue Fund – actually shown in operating budget
10. Union warrant articles for new contracts for Police, Fire and Municipal Unions if contracts are in place prior to January 11

If all special articles are approved (total \$1,542,970) the gross appropriation will increase by \$680,974 or 5.28% over 2010. Total gross budget for 2011 would then be \$13,575,289 (before use of other revenue sources).

The 2011 net budget, on which the tax rate is set, would be \$12,812,153, after taking into account the use of \$32,144 from the Searles Revenue fund, \$73,757 withdrawn from the Fire Apparatus capital reserve fund, \$28,600 from fire impact fees, \$17,500 from police impact fees, \$120,000 in highway grant, \$100,000 in conservation funds and \$391,135 in long-term borrowing or leasing (grand total of \$763,136 in revenue). The 2011 net budget would represent an increase of \$299,998 or 2.398%.

BUDGET OVERVIEW PRESENTATION: Mr. Sullivan gave an overview presentation of the 2011 proposed operating budget and highlighted some of the more significant areas of increase or decrease affecting all departments. Mr. Sullivan noted that initially the departments, in conjunction with the Board of Selectmen, presented a budget with an overall decrease of \$2, meeting the goal of a 0% budget increase. Mr. Sullivan explained that subsequent to this, just prior to the posting for this public hearing, a warrant article was added to the budget representing the purchase of land adjacent to the beach, as this was an opportunity that just recently came to the Board's attention. He noted this will be discussed later in the meeting with the draft warrant article, however, it was added in an effort to let the residents decide on this purchase. As a result of this additional article, the overall increase in the budget as presented is \$299,998 or 2.398%.

Mr. Sullivan presented the budget overview charts and provided explanation for the increases and/or decreases in the departmental budgets, including any changes in salaries and benefits (including retirement and insurance costs), as well as general operating and capital outlay increases and/or decreases. Mr. Sullivan noted sizable budgetary reductions, such as the mosquito control program which has been eliminated. Mr. Sullivan reminded the group that the budget as presented does not reflect any petitioned warrant articles, as none had been received, but that the deadline for submitting a petitioned article is tomorrow, January 11, 2011. If a petitioned appropriation article is received and/or the Board does not address all warrant articles on the agenda for this meeting, the hearing will be continued to January 17, 2011. The Board then turned discussion to the draft warrant articles.

Article 4 - \$600,000 for the purchase of a fire engine to replace Engine 3 through the use of CRF and other funds, with the balance to be financed through the issuance of a bond or long-term note.

Mr. McMahon read the following notices into the record:

*LEGAL NOTICE
TOWN OF WINDHAM, NH
PUBLIC HEARING NOTICE- FIRE ENGINE (LONG TERM NOTE OPTION)*

*In accordance with RSA 33:8-A, the Board of Selectmen will hold a Public Hearing on a proposed bond or long term note issuances in the amount of \$391,135 for the purpose of purchasing a new fire engine for the fire department, on **Monday, January 10, 2011 at 7:30 pm** at the Community Development Department. The total appropriation for this project is \$600,000, \$73,757 of which is being withdrawn from the Fire Apparatus Capital Reserve Fund, \$28,600 from accumulated Fire Impact fees, and \$106,508 from 2011 general taxation, with the remaining balance to be financed.*

Note: The Town is also considering financing this project through a three year lease/purchase agreement as an alternative financing of the project.

Dated December 29, 2010

*LEGAL NOTICE
TOWN OF WINDHAM, NH
PUBLIC HEARING NOTICE- FIRE ENGINE (CAPITAL LEASE OPTION)*

*In accordance with RSA 33:8-A, the Board of Selectmen will hold a Public Hearing on a proposed long-term capital lease / purchase arrangement through in the amount of \$600,000 for the purpose of purchasing a new fire engine for the fire department, on **Monday, January 10, 2011 at 7:30 pm** at the Community Development Department. The proposal includes a three year lease term and further withdrawing \$73,757 from the Fire Apparatus Capital Reserve Fund and \$28,600 from accumulated Fire Impact fees to go towards the first year lease payment.*

Note: The Town is also considering financing this project through long term financing as an alternative to entering into a lease/purchase agreement.

Dated December 29, 2010

Prior to formally opening the public hearing, Mr. McMahon deferred to Mr. Sullivan to explain the purpose of posting the two notices. Mr. Sullivan explained that one option is for a traditional bond or long-term financing arrangement and the other option is for a capital lease purchase. Both options will require a 2/3 majority vote to pass, and once it passes, the subsequent year loan payments become part of the operating budget. Mr. Sullivan noted that the option not included above, is to do a traditional lease/purchase arrangement with a fiscal funding clause, which will require each year's payment to appear as a warrant article requiring a simple majority vote to pass. This would create risk that if in year two or three the funding fails, the leasing company can take back the engine. This traditional lease/purchase arrangement was the financing method discussed with the CIP committee, however, it was subsequently determined that the Town is prevented from utilizing an arrangement with a fiscal funding clause when the intention is to use funds from a capital reserve fund, which is the case with this article. Therefore, this financing alternative was not presented for discussion.

At approximately 7:30, the Board opened the public hearing and began a discussion regarding the two different financing options as presented. Chief McPherson noted that in the estimates he provided to the CIP committee, the company that he consulted with provided a 4% interest rate for budgetary purposes, with payments of \$208,865 in years one through three. Mrs. Call noted that she had obtained preliminary figures for budgetary purposes from a local bank that would provide this type of loan to the Town, but that interest rates and payment schedules as presented, would be subject to change. The first option (long-term note) would finance as principal, the net amount of \$391,135 after utilizing the funds available in 2011, with payments due in 2012 & 2013; total payments over the course of the loan would total \$619,041.16. The second option (capital lease) would finance as principal, the full amount of \$600,000, with payments due in 2011, 2012 & 2013, utilizing 2011 funds available towards the first year's payment; total payments over the course of the loan would total \$619,577.86. Mr. McLeod asked if effective interest rates, net present value or rate of return on this transaction had been calculated and Mrs. Call indicated she had not. She indicated that the purpose of the budgetary figures presented was to illustrate that either of the two financing options would essentially net the same result in terms of overall loan principal and interest payments. In addition, she noted that under either scenario, although lease interest rates could be lower than bond/note interest rates, the payments as projected are within the parameters approved by the CIP. Mr. Sullivan indicated that he preferred the first option of borrowing less principal, but was looking for direction from the Board as to which option they preferred.

Further discussion ensued and it was noted that the estimated cost of the engine of \$600,000 does not include any trade-in value for the existing engine but that the purchase price does include all required equipment for the engine. Chief McPherson noted that hundreds of thousands of dollars have been invested in this engine to keep it in service over the past four years, however, it has been downgraded to the third apparatus to go out. Mr. Hohenberger reiterated that the amount appropriated to repair this engine in previous years had accomplished the goal of extending the life of the engine, but that he believes this is the year to replace it due to the severity of the potential repairs.

Mr. Sullivan noted that if the warrant article were to fail, the Town would need approximately \$12,000 to repair Engine 3 just to keep it in service. Mr. Sullivan suggested that this amount be considered to be added to the operating budget (when Article 19 is discussed), with language that funds will be raised only if article 4 were to fail. Mr. Breton noted that the Town generally has operational savings in the budget throughout the course of the year so he would not be in favor of adding this to the budget. Chief McPherson noted that this truck is 19 years old and has already failed three times during a working fire, representing a significant safety issue, but that the department would need to educate the public on this need, and if the article fails, address the repair issue in April.

Mrs. Margaret Case spoke in favor of the long-term note option versus leasing, noting that this would be more understandable to the voting public. She also noted that with such a trim Town budget with very little contingencies, she believes there should be a fallback article for the cost of repairs, should article 4 fail. Mr. Tom Case also spoke in favor of the note option and asked for clarification regarding the lease/purchase arrangement. Mr. Sullivan noted that there would be no payment due at the end of the lease term, and the Town would own the vehicle.

Mr. Sullivan requested that if funding is not allocated for repairs and if article 4 does not pass, that the Board acknowledge that the funding will have to come from some area of the Town budget and something else may need to be deferred or funded through the property trust account.

Mr. Hohenberger motioned to select the wording of the first version of the article, which utilizes existing funds towards the first year payment and finances the residual of \$391,135 with a long-term note, which represents an estimated savings of \$536 in total payments as compared to the option of financing the full \$600,000 as presented in Mrs. Call's analysis. Mr. Breton seconded and motion passed unanimously. Mr. Hohenberger motioned to recommend the article and move forward to the warrant. Mr. Breton seconded and motion passed unanimously.

Article 5 – \$30,000 to be added to the Property Maintenance Expendable Trust Fund - Mr. Hohenberger briefly explained the article as well as planned uses for the funds, noting that it is for the same amount that has been requested over the last several years. Mr. Hohenberger motioned to recommend the article and move forward to the warrant. Mr. Breton seconded and motion passed unanimously.

Article 6 – \$20,000 for Marketing and Maintenance costs associated with Searles Building (funding to come from revenue fund) – Mr. McLeod indicated that the amount is the same as was requested last year, with the funding still coming from the rental income, therefore there is no tax impact from this article. Mr. Breton motioned to recommend the article and move forward to the warrant. Mr. McLeod seconded and motion passed unanimously.

Article 7 – \$12,144 for Bond payment on Searles Building renovations (funding to come from revenue fund) - Mr. McLeod indicated that this amount also comes from the rental income, therefore there is no tax impact from this article. Mr. Breton motioned to recommend the article and move forward to the warrant. Mr. McLeod seconded and motion passed unanimously.

Mr. Breton requested a brief recess to update the Board on contract negotiations, however, it was decided to defer this until later in the meeting.

Article 8 - \$200,000 for Griffin Park parking lot improvements – Mr. McMahon presented a set of plans explaining the project which includes funding for engineering, design plans and construction, noting the article is part of the Capital Improvement Program. Mr. McMahon noted that this would expand the existing parking area and provide an additional 90-95 parking spaces. Mr. McMahon explained the proposed layout and the breakdown of the \$200,000 cost including; land engineering of \$10,000, Alteration of Terrain permit of \$25,000, drainage work of \$28,000, catch basins of \$6,000, cape cod berm and paving of \$85,000, restriping of \$1,500, moving & rewiring light poles of \$12,000, moving & replacing fencing of \$10,000, as well as a 10% contingency. Mr. McMahon noted that the plan addresses access and egress issues in consultation with the Town’s public safety departments. Mr. McMahon noted that these estimates were prepared with the assistance of Edward Herbert & Associates and he believes they are sufficient to complete the project. Mr. Breton motioned to recommend the article and move forward to the warrant. Mr. Hohenberger seconded and motion passed unanimously.

Article 9 - \$65,000 for Phase 3 of the Windham/Salem sewer line feasibility study – Mr. Breton presented the article, noting the article is part of the Capital Improvement Program. Mr. Breton deferred to Laura Scott, Community Development Director to present the details of the project. Ms. Scott distributed to the Board members the results of Phase 2 of the study, noting that this is scheduled for a full presentation on January 31 with copies available for the public. Ms. Scott briefly discussed the components of Phase 3 and what the \$65,000 would entail.

Mr. McLeod interjected that with Mr. Stearns absent, and the likelihood of a 2-2 vote based on previous discussions among the Board, suggested they defer a vote on this article until the February 12th deliberative session. Mr. Sullivan clarified that the vote to recommend or not recommend can be changed after the deliberative session, but in order to post the article in the warrant, it would need to be moved forward at this public hearing with either a recommendation or not. Ms. Scott indicated that January 31 was the first available Board meeting that had time on the agenda for her to discuss the Phase 2 report.

Mr. Hohenberger voiced his concerns regarding the scope of the project, lack of public input at this point in the process, the potential for long-term costs and creation of a municipal sewer department, as well as the reference to the “Dracut model” which he believes is not clear. He noted that before investing \$65,000, as a taxpayer he would need to know the long-term costs and believes this should not be rushed. Mr. Breton noted that he was in favor of the project and suggested Mr. McMahon update the public on the ongoing meetings with the State Department of Transportation that he, Mr. Breton and Ms. Scott have attended.

Mr. McMahon noted previous concerns regarding the Route 93 construction and related drainage issues resulting in silt getting into Cobbetts Pond, as well as ongoing development around the pond

affecting water quality. Discussions on this topic have been ongoing for several years, and in his opinion this has not been rushed, but because of the unique opportunity of the Route 93 project, the timing is imperative to coordinate with this construction. Mr. McMahon noted that the information is needed in order to make informed decisions to plan for the future and protect water quality for years to come, noting he is in support of this Phase 3 study.

Mr. McLeod noted that the \$65,000 represents a major step forward in this project and could ultimately represent tens of millions of dollars in long-term investment. He questioned that discussion to date has been involving the Cobbetts Pond Watershed District and/or Canobie Lake areas, however he questioned whether it should be extended to the Gateway District and Wall Street areas. He does not believe that the documents he has seen clearly delineate what areas will be ultimately impacted. Mr. McLeod also noted his concerns were more procedural in nature and that he believes that, similar to moving from Phase 1 to Phase 2, they should understand the results of the Phase 2 study and receive public input before moving on to Phase 3.

Mr. Valentine noted that some of the questions asked by Mr. Hohenberger, may not have been intended to be answered by the scope of Phase 2. Mr. McMahon deferred to Ms. Scott to clarify the details of what is included in each phase. Ms. Scott noted that it was always the intention to determine cost estimates as part of Phase 3, not Phase 2. Ms. Scott also offered to provide further documentation and explanation to the Board regarding the Dracut model. Addressing Mr. McLeod's question, Ms. Scott noted that the lots affected are delineated, street by street, in the maps provided tonight as a result of the Phase 2 study. Ms. Scott also noted that Phase 3 would address agreements with the Town of Salem regarding the maintenance and administration of sewer and that there is no intention to create a Windham municipal sewer department. Ms. Scott noted that time is of the essence because of the effort to partner with the NH Department of Transportation and the I-93 construction project, as far as where and how the sewer lines could be located, but that these discussions are ongoing.

Mr. Mike Luhrman asked the Board if the savings associated with utilizing the DOT lines while I-93 is being constructed and rights-of-way are open would be in the hundreds of thousands of dollars. Mr. McMahon answered in the affirmative noting the previous discussions with the DOT regarding the costs of putting a conduit in the area of the Weigh Station. Mr. Luhrman asked that the residents be given the information that would come out of the \$65,000 study as it would not commit the town to anything and would give the residents information in order to make a decision. Mr. McLeod asked for clarification regarding the time sensitivity of the project and further discussion ensued regarding the DOT construction timeline and the federal government funding. Mr. McMahon reiterated that to have any funding discussions at the federal or state level, the Town would need the tools at hand.

Mr. Breton noted that this is a joint project with the Town of Salem and that Salem has completed their portion. Mr. Breton also reiterated that this would need to be included in the State's I-93 final design plans. He noted that the plan provided by Underwood Engineers reflects a cross-country route to the West Side Interceptor, but that the more direct route would be along the highway.

Mr. Breton motioned to recommend the article and Mr. McMahon seconded. Motion failed 2-2 with Mr. Hohenberger and Mr. McLeod opposed. Mr. Sullivan clarified that with 2-2 not being a positive motion, the warrant will reflect the article as "Not Recommended 2-2", but that the recommendation can be changed at deliberative session for the final ballot. Mr. Breton noted that he would like to retract his motion and requested that nothing reflect a "Not recommended" position on this article. Mr. Sullivan indicated that State law requires that a recommendation be included on the warrant, and that by the Board's rules of procedure, the article will note the specific vote count.

Mrs. Case asked for clarification on the previous articles as to whether they have been "moved to the warrant". Consensus of the Board was that this has been the intention of the previous motions. However, specifically in regards to Article 9 because of the 2-2 vote, Mr. Hohenberger motioned to move the article forward to the warrant. Mr. McMahon seconded. Motion passed 3-1 with Mr. McLeod opposed.

Article 10 - \$77,970 for Phase 1 of the Police Station renovation – Mr. Hohenberger presented the article, noting the article is part of the Capital Improvement Program and includes the use of \$17,500 impact fees to offset the cost of this initial phase (primarily for construction of a new training room). Mr. Hohenberger noted that the second phase would include expansion of the driveway and parking area behind the station. Mr. Hohenberger motioned to recommend the article and move forward to the warrant. Mr. Breton seconded and motion passed unanimously.

Article 11 - \$150,000 for the purchase of a Highway truck – Mr. McLeod presented the article, noting the article is part of the Capital Improvement Program and reflects funding by the State of 80% of the cost of the truck. Mr. Sullivan pointed out the wording of the article should be amended to reflect a balance of \$30,000 town funding after acceptance of grant funds (revised from \$20,000 as noted in the draft warrant).

Mr. Breton motioned to recommend the article as amended (to correct typographical errors) and move forward to the warrant. Mr. McLeod seconded and motion passed unanimously.

Article 12 – Conservation Commission \$2,350 – Mr. Breton noted the article is level funded with the previous year. Mr. Breton motioned to recommend the article and move forward to the warrant. Mr. McLeod seconded and motion passed unanimously.

Article 13 – \$400,000 to purchase a parcel of land next to the Town Beach (\$100,000 in funds to come from conservation funds) with \$300,000 from general taxation – Mr. McMahan presented the article and explained the opportunity that was presented within the last several weeks and the potential uses for this property, which will be further discussed at a later date. Mr. McMahan noted that the parcel is located next to the Town Beach property and consists of 0.699 acres with 87.6 feet of frontage on Cobbetts Pond and currently has two homes on the property (one year-round and one seasonal) as well as a chambered septic system. Mr. McMahan noted that due to a death in the family that owns the property, it will be sold in order to settle the estate, but that the Town has been given the offer of \$400,000 first. Mr. McMahan reiterated that the use of this property has not been formally discussed, but that passage of this article would provide the opportunity to have these discussions, involving Recreation and the Cobbetts Pond Improvement Association. Potentially, there could be additional parking, removal of the chemical toilets at the existing beach and relocation of the boat ramp to a safer location, working with the CPIA. Mr. McMahan noted that there is significant history involved in this property and the owners have already reduced the selling price for the town. Mr. McMahan noted that he has received a commitment from the Conservation Commission to provide \$100,000 towards this purchase.

Mr. McLeod noted that the Board had presented a total budget a few dollars less than last year's budget, prior to this article being added to the overall budget. He noted that this came to the Board's attention late in the budget process, but that it provides a unique opportunity to be considered.

Mr. Hohenberger noted that he is not in favor of this article because of the Board's directive to present a level funded budget to the voters. Mr. Hohenberger also questioned the use of conservation funds to purchase recreational property at a relatively high price on a per acre basis. Mr. McLeod also requested that prior to the deliberative session that the CPIA weigh in on this potential purchase. Mr. McMahan clarified that this qualifies for conservation land on the premise that it is passive recreation, noting that it also keeps this parcel from getting further developed privately.

Mr. Tom Case also questioned the use of the conservation funds, however, he voiced his support for this article because of the unique opportunity to purchase the land.

Mrs. Patty Carly indicated that she and her husband live next door to this property and questioned the specifics regarding the potential for a dock or boat launch to be added near their property. Mrs. Carly asked what the procedures would be to assure her that they will be involved and notified of the town's plan. Mr. McMahan indicated that no formal plans exist, but that all ideas and conceptual plans would be discussed at public meetings of the Board of Selectmen.

John Pallaria, CPIA President, indicated that they are very interested in discussions with the Board on this property. Mr. Pallaria asked that if the boat ramp were moved, that the same restrictions be placed on a new ramp due to the ongoing water quality issues. Further discussion ensued regarding the potential movement of the ramp as being a safety and logistical improvement and not to lessen any restrictions. Mr. McMahon noted that the Town is in receipt of a draft purchase and sale agreement that has been agreed to by the members of the estate. Mr. Pallaria asked whether additional information regarding the use of the land should be stated in the article for the residents to better understand.

Mr. Margaret Case also voiced her support for this article because of the unique opportunity to purchase the land, the potential improvement for boat launching and the benefit to the residents of the pond. Mr. Tom Case also indicated that the existing house could be used for recreation programs due to weather. Mr. Ralph Valentine indicated that the Recreation Committee has not met on this topic, but that he believes the Committee would welcome the idea of improving the safety of the boat launch.

McLeod motioned to recommend the article and move forward to the warrant. Mr. McMahon seconded. Motion passed 3-1 with Mr. Hohenberger opposed.

Mr. McLeod then asked if the vote on Article 9, specifically in regards to moving the article to the warrant, could be reconsidered as he would like to vote in favor of the specific motion to move it to the warrant. Mr. Hohenberger motioned to reconsider his original motion to move the article to the warrant and Mr. McLeod seconded; motion passed 4-0. Mr. Hohenberger then motioned to move the article to the warrant and Mr. McLeod seconded; motion passed 4-0. Additional discussion ensued regarding concerns about not having a favorable vote on the Board's recommendation for the warrant. Mr. Sullivan indicated that he has additional information available regarding the legal requirements of the warrant, but consensus of the Board was to leave this article as is based on past practice of this Board.

Article 14 – Adoption of Solar Energy Systems Exemption – Mr. McMahon read the two alternatives for this article and explained the intent of the article is to establish a new exemption allowed by State law. Mr. Sullivan explained the purpose of the 2 articles (alternatives) was to address the Board's initial concerns voiced at previous budget meetings. Mr. Sullivan recommended the first version be moved forward as it more clearly defines the exemption and the "net zero" impact to the valuation. The second version simply refers the resident to the RSA to see if they qualify. Mr. Hohenberger indicated he preferred the second alternative as it keeps it simple. Further discussion ensued regarding the two versions of the article and whether it will provide enough information for the general voter. It was noted that Mr. Norman, Tax Assessor, will utilize the specific definition in the statute, regardless of what gets put on the warrant.

Mr. Case noted he is in favor of the second alternative due to its simplicity and that it can't be "picked apart" or misinterpreted by a resident as they will ultimately need to research and understand the particulars in the statute if they plan to utilize this exemption.

Mr. Breton motioned to move the second version of the article forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

Article 15 – Adoption of Wind-Powered Energy Systems Exemption

– Mr. Hohenberger read the two alternatives for this article and explained that this was similar to Article 14, reiterating his preference to go with the second alternative. Mr. Case noted he is in favor of the second alternative due to its simplicity, but pointed out a typographical error in the first alternative.

Mr. Breton motioned to move the second version of the article forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

Article 16 – Adoption of Woodheating Energy Systems Exemption –

Mr. Hohenberger read the second alternative for this article based on the Board's preference and explained that this was similar to Articles 14 & 15, reiterating his preference to go with the second alternative.

Mrs. Case asked if this would apply to residents who currently have these types of systems or for future installations and Mr. Norman responded in the affirmative. He further noted that the values on those properties have not been increased for these systems, thus it would still represent a net zero impact on the assessment. It was noted that if these articles pass in March 2011, that residents can apply by April 15, 2011 and it will be reflected in the upcoming tax assessment, and then continue on an ongoing basis.

Mr. Breton motioned to move the second version of the article forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

Article 17 - Adoption of Exemption for the Blind

Mr. Norman indicated that the State has asked that the town to clarify the adoption date of this exemption, however, this is currently being offered by the town (adoption date unknown), therefore, this is codifying what the town is currently doing. Mr. Case asked the Board to clarify the amount of the exemption as \$15,000 per person, even if there are two blind residents in the household. Mr. Norman clarified in the affirmative that the total exemption in that case would be \$30,000.

Mr. Breton motioned to move the second version of the article forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

Article 18 - Adoption of Credit for Surviving Spouse

Mr. Norman indicated that, unlike a valuation exemption, this is a \$2,000 credit off the resident's tax bill. The Town currently offers this credit to disabled veterans and is now proposing to extend to their surviving spouse.

Mr. Case asked for clarification regarding the date someone would qualify for this credit and Mr. Norman offered to provide further information.

Mr. Breton motioned to move the article forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

At approximately 10:00 pm, the Board took a brief recess from the public hearing and went into non-public session.

NON-PUBLIC SESSION: Mr. Hohenberger motioned to enter into nonpublic session in accordance with RSA 91-A:3 II a. Mr. Breton seconded. Roll call vote all "yes". The topic of discussion was personnel.

At 10:05 the Board then reconvened the public hearing and Mr. McMahon noted that the non-public discussion was for the purpose of updating the Board members on labor negotiations and that no decisions were made.

Article 19 - Operating budget – Mr. McMahon read the article into the record and asked for Board input on the operating budget.

Mr. Breton made a proposal to reduce the Community Development budget by \$22,365 annually, with a reduction in hours for the department secretary from 32 to 30 hours per week; this amount representing salary, health and other insurance savings, as the employee would no longer qualify for health insurance at that level of hours. However, with a proposed start date of March 1, 2011, it would represent \$18,638.21 in savings for the 2011 budget. Mr. Hohenberger seconded for discussion.

Mr. Hohenberger asked Ms. Scott to weigh in on the impact to the department. Ms. Scott noted that this was not her proposal but had been asked of her at the budget workshop for her department held previously. Ms. Scott noted that notwithstanding the impact to the person in the position, the impact to the department would be ½ hour per day for 4 days and the remaining staff in the office would cover this shortfall, therefore, it would not negatively impact the department operations.

Mr. McLeod noted that the Board had been through multiple discussions with Ms. Scott on the departmental reorganization and although 32 hours was not what she requested, he would be inclined to stay with the Board's previous decision, noting that while the hour difference is minimal, it would result in a loss of health benefits to the individual in that position. Ms. Scott indicated that the 2 hours per week is being

utilized and no staff person is idle. Mr. Breton noted that in previous discussions, Ms. Scott proposed this position to be reduced from 40 to 20 hours per week, and this wasn't accepted by the Board and the position was only reduced to 32 hours, thus health insurance benefits are still being provided. Mr. Breton indicated he believes this is setting a precedent that will likely cause additional part-time employees, through a minimal increase in hours, to become eligible for benefits which will cost the taxpayers. Mr. McLeod clarified that this position was previously a 40 hour/week position but had been reduced to 32 hours this past year. Mr. Sullivan clarified that the town budget includes only 85% of the health insurance premium costs, therefore, Mr. Breton clarified that the amount of budgetary savings for 2011 would total \$16,399.10. Mr. Sullivan also noted if this proposal takes effect, that the individual in this position would be eligible to receive a certain number of months of town funded health insurance based on years of service, but this would be funded through the health trust.

Mrs. Ginny Gray addressed the Board indicating that she is the staff member in this position and that she has worked for the Town for 23 years. She expressed that the cost savings to the taxpayer would be minimal and that she went along with the previous reduction in hours to 32/week, however, she feels no loyalty from the Town given her years of service. Mrs. Case expressed strong opposition to this proposal. Mrs. Laura Cryts spoke in opposition, representing Mrs. Gray as a union member and an employee of the Town and also noting her 23 years of service. Mrs. Cryts noted that improvements to facilities and parking lots should not take priority. She also noted that it has been previously stated that the Health Trust fund is not in a deficit position, therefore, the Town should be able to fund Mrs. Gray's health benefits.

Mr. Case spoke in opposition and asked for a procedural clarification regarding eliminating hours due to an employee's performance, as opposed to reducing the funding for the position through the budget. Mr. Breton clarified for the Board that this position had been proposed by the department head earlier in the year at 20 hours/week.

Mr. McMahon called for a vote on the motion and the motion failed 1-3 with Mr. McMahon, Mr. McLeod and Mr. Hohenberger opposed.

With no additional public input on article 19, Mr. Sullivan noted for the record that the fertilization services contract, which went out to bid subsequent to the budget development, came in with a low bid (subject to review) at approximately \$7,000 higher than what was initially budgeted based on the previous year's contract. Consensus was to leave the operating budget as is, understanding that the funds will have to be reallocated from another area in the Town budget or from the Property Trust.

Mr. McLeod motioned to move article 19 forward to the warrant and recommend. Mr. Hohenberger seconded; passed unanimously.

The Board closed the public hearing on the budget, noting that a second public hearing on January 17, 2011 will only be held if any petitioned warrant articles are received by the deadline.

NEW BUSINESS: Police Captain Caron presented to the Board of Selectmen a request to apply for a grant through the Department of Homeland Security which would be granted to the Southern NH Special Operations Unit, of which Windham is a member. The entire grant representing several hundred thousand dollars would be allocated proportionately to each member community, but administered through the Town of Windham. The grant is for each community to purchase communication equipment to improve SWAT team field communications. It is 100% funded and, at this point, the department is only requesting authorization to apply. Mr. McLeod motioned to approve the department's request. Mr. Breton seconded; passed unanimously.

Mr. McLeod motioned to adjourn at 10:40 pm. Mr. Hohenberger seconded; passed unanimously.

Respectfully submitted,

Dana Call

Asst Town Administrator-Finance

NOTE: These minutes are prepared in draft form and have not been submitted to the Board for approval.