

~~Unapproved~~ Approved
Candia Selectmen's Public Meeting Minutes
Monday, August 25, 2008

Attendance: Chairman Fred Kelley, Vice-Chair Rick Lazott, Selectman Tom Giffen, Selectman Joe Duarte, Selectman Carleton Robie and Secretary Andria Hansen. **Budget Committee members:** Chair Carla Penfield, Ann Tierno, Kim Byrd, Steve Higgins, Judy Szot, Karen Smith, School Committee Rep.; Ingrid Byrd, School Committee Rep. Alternate, Kristine Pouliot, Allyn Chivers

7:00 p.m. Chairman Kelley called the Public Meeting to order and immediately followed with the Pledge of Allegiance.

Board to meet with members of the Budget Committee regarding the upcoming 2009 budget season. Chairman Kelley noted he attended the August 13th Budget Committee meeting. Selectman Giffen thanked the Budget Committee members for coming to the Selectmen's meeting. He stated it was his goal to work on behalf of the tax payers of the Town, given our economic situation, to control the budget as much as possible. In order to pursue that it's important for the Selectmen to consider what the Budget Committee's goal will be to control the bottom line number. Also, they need to consider what a default budget would be to maintain the level of services they already have and it would be prudent to compare the results to that number as they go along. Selectman Lazott asked if the Budget Committee can make changes to the Town's operating budget after their final public hearing, based on new information, if the majority of the committee wants to. He noted sometimes they don't get final figures until November or the beginning of December and thought it would be prudent to allow some leeway to factor in last minute expenses (i.e. five additional elections). The money would have to come from another department's budget line and that would be short changing them. Budget Committee Chair Carla Penfield noted they get updates from the Selectmen's office before every Budget Committee meeting. They will be meeting four times in October and four times in November. She added the Budget Committee was fully aware of the five additional elections. BC Chair Penfield mentioned nothing could be changed in the budget once they have the public hearing in January. Ann Tierno reiterated nothing can be changed after the public hearing, but changes can be made up until the then. Ann Tierno stated they knew about the five elections, because Town Clerk, Chris Dupere came to the Budget Committee meeting to explain why there was an increase in the elections line. BC Chair Penfield mentioned to the Board that the Budget Committee didn't get any insurance figures until a week before the public hearing last year. Chairman Kelley replied the insurance company wouldn't give that information until later in the year. BC Chair Penfield stated the Selectmen had an opportunity to come to the public hearing and only two showed up. Selectman Duarte stated they need to work more closely with the Budget Committee and try to eliminate the back and forth that happened last year. BC Chair Penfield replied there was no back and forth last year, the Budget Committee has been up front about all of the work it does and very receptive to the Selectmen and department heads. Selectman Lazott stated if they demand that the department heads go to the Budget Committee meetings, some of them have to be paid

and in order to keep the wage line down the Board didn't send them. Judy Szot stated Chief McGillen came to the Budget Committee meeting to explain some of the changes he was proposing. He explained in great detail why he needed the extra officer and then it made sense to her and she could support it, when at first she did not. Judy Szot mentioned the Budget Committee asked questions about the Building Inspector's budget and they received a letter, which stated under no circumstances was the Building Inspector to talk with the committee. She further stated someone should have come to explain the budget whether it was the Building Inspector or someone else. When Chief McGillen came and explained his budget she supported him. Judy Szot went on to explain when they asked for help from the Selectmen and the department heads and didn't get it, they were forced to cut unilaterally a percentage from the budget. As a result the Budget Committee was made out to be the bad guys, because the Selectmen didn't tell them where to cut. The people of the Town elected the Selectmen and Budget Committee and it's their job to come up with a budget and not fight with one another. Selectman Giffen stated moving forward they need to have participation between the Selectmen and the Budget Committee. It would be prudent on Budget Committee meeting nights that the department heads are there and if they can't attend, the Selectman overseeing that department should be there. If not they are in a situation where the Budget Committee is accused of acting unilaterally. He further stated if no one shows up how can they do anything but act unilaterally, they are alone in the process. Since they have a common cause, which is to protect the interest of the taxpayers, they need to sit down together frequently. The Selectmen and the Budget Committee need to have a cordial relationship. BC Chair Penfield noted whatever money they receive for this year is what the taxpayers voted for and not what the Budget Committee recommended. The Budget Committee tries to come up with a budget they think the taxpayer can afford. The taxpayer votes for the money. She went on to explain the recommended budget got increase last year. Kim Byrd asked Selectman Giffen if he could find out the earliest date they can expect to get the default budget. Selectman Giffen explained one of the difficulties of that budget is some expenses often aren't announced until mid December (i.e. insurance). Kim Byrd suggested using the numbers of last years default budget, if they can't get a new default budget. Selectman Giffen stated maybe as a rough guideline. Ann Tierno suggested coming up with some more creative ideas or solutions to issues (i.e. rising gas prices, oil). She suggested that maybe there should be a maximum increase; the budget wouldn't go 4% over last years. She also suggested level funding departments, such as direct assistance. In addition maybe look at four-day workweeks or cutting some services, which she is not in favor of. Ann Tierno went on to suggest with the rising price of gasoline, maybe the Police Chief can look at bike patrols in the warmer months. Selectman Lazott stated they have been looking into the possibility of having people who use direct assistance pay back their debt by mowing lawns at the cemetery, shoveling walkways at the Town Hall, or working at the recycling center. He added this might lower some of their costs, where they typically pay someone to do it. Ann Tierno noted they should look into liability issues. Selectman Lazott stated they are and if it can save the Town money it will be worth it. . BC Chair Penfield noted the Budget Committee's September meeting would be spent discussing financial issues. They will look at what the public can afford. The October meetings will be organizing and coming to the Selectmen with some specific requests on how they want to see the information.

Chairman Kelley mentioned he has talked with the girls in the office regarding the four-day workweek and wasn't sure if it was something feasible. BC Chair Penfield stated the Board is going to have to get creative. Chairman Kelley replied the school budget is through the roof; they will have to get creative as well. BC Chair Penfield thought the school was looking into that option. BC Chair Penfield noted that Road Agent Lewis came to the last Budget Committee meeting and stated he has 8% left in his operating budget. He thought he would need \$20,000 to get through the end of the year. BC Chair Penfield asked the Selectmen where they going to get the money. Chairman Kelley stated he didn't know, but they are working on it. Selectman Lazott believed the direct assistance line is getting low and they haven't gotten into the cold months. BC Chair Penfield mentioned a recent newspaper article that stated the Town might possibly take money from the conservation fund. Selectman Duarte replied that was a misquote. He went on to explain they are all trying to find ways to save; it may come down to a shorter work day or laying off people. Hopefully, it won't get that drastic. Selectman Lazott stated he thought the Conservation Committee should give some of its money back to the Town to offset the tax rate and fund some of the programs. BC Chair Penfield noted they could only spend what the taxpayers voted in. Selectman Lazott stated unless they petition the court and dip into the general fund. BC Chair Penfield replied they would have to site an emergency situation and wasn't sure they could defend an emergency situation. This is normal budgeting and there are normal increases they didn't anticipate. There was some discussion about increased costs at the new recycling center. Steve Higgins asked if department heads could come up with an estimation of how much money they will be spending towards the end of the year (i.e. end of the year bills). He noted the Budget Committee has a tendency to cut money if it's not spent. Judy Szot asked if the department heads could fill out the explanation lines, the committee found it helpful last year. Selectman Lazott noted they are still getting acclimated to the process. Selectman Giffen thought they should take a philosophical approach to the budget and it's a desirable goal to try to get as close as possible to the actual number their going to expend for next year. However, the important thing to realize is there is uncertainty about projecting a budget. In years past prior to this Board it was common for the Selectmen to return money to the general fund at the end of the year. It's unrealistic for the Board to strive for 100% accuracy. They should shot for a 98% accuracy level and have 2% leeway, this way they can better serve the taxpayers. BC Chair Penfield noted they had money left over last year. Selectman Giffen replied it was about \$6,000. He would rather have seen \$15,000 - \$30,000. BC Chair Penfield thought something was purchased at the end of last year and there would have been more money. She questioned whether the purchase was necessary. She thought putting off spending money in January and February was a good thing, incase of any unanticipated crisis. Selectman Lazott stated they put a camera in the Police Department booking room, which was needed (according to state RSA and Primex). Selectman Duarte stated he thought this year would bring the Budget Committee some difficult challenges and is happy they are there to control the spending. His only caution to the Budget Committee is to look at the areas that are going to get hit hard, which they haven't been prepared for in the past. Chairman Kelley thanked the Budget Committee members for attending the Selectmen's meeting.

The Board to discuss with Road Agent Lewis the Planning Board's recommendation of 8/21/08 for bond reduction for Candia Crossing. There was some discussion about the amount of the reduction. Road Agent Lewis noted this is the final reduction. Selectman Lazott motioned to accept the recommendation of the Planning Board per their 8/20/08 meeting to reduce Candia Crossing's bond from \$103,769 to \$51,421. Seconded by Selectman Duarte. All were in favor. Motion carried.

The Board and Treasurer Philbrick to meet with George Dow of TD Banknorth to discuss banking options. George Dow of TD Banknorth and Treasurer Philbrick were present. Mr. Dow stated one of the things he wanted to explain to the Board was how to deal with collateralization. Collateralization is what banks have to offer to Towns and non-profits as a backing should it go out of business. It would protect the Town's funds. He went on to explain three forums that take place in the state (for collateralization). The first one is Joint Custody, which is made up of Fannie Mae and Freddie Mac securities. Then there is Private Deposit Insurance, which is Travelers, and The Hartford Group who are A+ rated companies. Lastly, there is a Letter of Credit (which isn't a line of credit) and the Federal Home Loan Bank backs it. Mr. Dow explained the Town is currently backed using Joint Custody. TD Banknorth has decided to support their customer's money by taking it out of Joint Custody. Fannie Mae and Freddie Mac is a very risky position, not only for funds, but its flushing money down the toilet. It's authorized in the State of New Hampshire and its part of an RSA that allows the use of a Letter of Credit for collateral. It protects all of the Town's investments. The Town has multiple accounts and the Letter of Credit will protect them all. Treasurer Philbrick can look at the deposits and know they are full collateralized at any given time. If Treasurer Philbrick was to open a new account (i.e. escrow) as long as the total sum of the funds doesn't exceed the level of collateral, it's fully covered. There is no cost to the Town and no disruptions in the business process. They can also set it for a 3-month maturity date and when they get a better idea of tax dollars coming in, he can bump up the level of collateralization. Treasurer Philbrick asked the Board if they had any questions. Selectman Giffen thought this was a no-brainer to move towards collateralizing and moving away from Fannie Mae/ Freddie Mac seems to be an obvious choice. It's also a benefit to the banker it reduces their risk. Citizen Ed Caito asked Mr. Dow if he could assure the Town they won't be charged for a Letter of Credit. Mr. Dow replied the Town will not be charged, its part of doing business. Ed Caito asked who would monitor the deposits during the 3-month maturity bend. Mr. Dow stated he receives a monthly maturities schedule, he then talks with Treasurer Philbrick and once revenues (tax collection deposits) start coming in he will bump up the Letter of Credit. Citizen Ed Caito stated his concern, as a taxpayer is that a Letter of Credit doesn't cover all the deposits. Mr. Dow stated Treasurer Philbrick would be watching the deposits; she receives a statement every month. Selectman Lazott asked Treasurer Philbrick if she felt comfortable with this. Treasurer Philbrick stated she did especially now that it's been explained to the Board. Chairman Kelley stated the Board didn't have a problem with it and there was no need for a motion.

Selectman Robie to ask Board members if they are in favor or not in favor of budgeting for the 2009 summer recreation program. Selectman Robie stated he has been asked questions about why the recreation program was cancelled and they want to

know if it will be in the budget for next year. Selectman Giffen asked Selectman Robie if he as been receiving a lot of feedback from irate parents. Selectman Robie replied there haven't been a lot of irate parents, but people want to know why it was cancelled. Selectman Robie asked if the Board was interested in putting it in the budget for next year. Selectman Duarte felt they are facing a hard winter and just can't afford it right now. Selectman Giffen stated the magnitude of the expense is roughly \$15,000 - \$16,000. However, the whole thing is designed to be as much as a wash as possible. There is a budget line for X amount and is also a receivable. Their not talking about a budget impact anywhere near equal to the budget line, because it's offsetting revenue. Selectman Lazott stated it goes into the general fund. Selectman Giffen replied its offsetting revenue. Citizen Ed Caito stated they also get to claim the estimated revenue when they go to Concord to set the tax rate. He added its set up as a wash to have a zero bottom line. Selectman Lazott stated we have to get it on the front end and spend it to get it back. Road Agent Lewis thought the actual savings was a couple of thousand dollars. Selectman Giffen stated we had a budget with a bottom line which included the recreation program. However, they didn't have enough money and even though it was a wash and no tax impact they chose as a Board to spend it elsewhere. By taking the money and spending it elsewhere they eliminated the compensating revenue that would have come in from the program. Selectman Giffen went on to explain they create a tax impact when there would have been none. Road Agent Lewis suggested increasing the cost of the program and explain to the taxpayers this is a complete wash item and we have the income to offset it. There is no tax impact and they are providing a service to the Town at no cost. Chairman Kelley stated it's a balancing act. He felt the people who ran the program were paid too high. He's fully behind the program, but whether they can afford it this year is another question. Fire Chief Cartier noted a couple of years ago the contingency fund was cut out of the budget, so there was no leeway for anything that was going to happen in the budget. He noted revenue offsets a lot of our budget and the tie in between revenue and expenses was never really pushed. Citizen John Cole stated it's a good program and wondered if it could be a separate warrant article. Chairman Kelley replied he didn't know how many things would get passed with the economy the way it is. Selectman Giffen stated making it a warrant article insulates the money from being diverted to other uses. If you put it as a warrant article there is no danger of it becoming a contingency. He added if they do it as a warrant article year after year maybe it should be part of the Town's budget. Selectman Duarte stated if the Town's votes for it then they will get it. Selectman Giffen stated you can have the program for \$15,000 - \$16,000 there still is offsetting revenue depending on the level of participation. It's a balancing act. The total impact on the budget will be approximately \$5,000 because of offsetting revenue. The Budget Committee in the past has looked at the total budget growth as a percentage. It's not necessarily realistic, because if you look at all the components of the budget that are washes, they have zero tax impact. Selectman Lazott stated a lot of the problems are with the DRA state statues that don't allow us to show that offset. Selectman Giffen state the problem is the level of understanding. Selectman Robie stated having a program for the kids is a good idea. Fire Chief Cartier mentioned maybe having wash items taken out of the budget. Selectman Lazott stated we had no choice but to take it out this year. Citizen Ed Caito stated the recreation program can't run itself and it was getting close to breakeven due to former Selectman Brennan's efforts. If they want to

achieve breakeven they have to think, not just revenue and expenses, but how will it run. He further suggested that the Board may want to approach the CYAA again if it is an option. Selectman Lazott stated he asked former Selectman Brennan and he thought the CYAA was susceptible to the idea until the liability issue came up. Citizen Ed Caito stated it was brought to the CYAA very late last year and they probably didn't have time to research that aspect of it. He added the Board needs to look at every possible option. Selectman Lazott mentioned the CYAA can accept donations. People offered the Town donations for the program, but per RSA they couldn't accept them. Chairman Kelley confirmed they can't accept private donations. Citizen Ed Caito noted they can get around that by accepting donated supplies. He reiterated the Board needs to explore all of their options.

The Board and Chief McGillen to discuss and consider approval of the Annual Reach the Beach event to be held on September 13th. Selectman Lazott read the attached letter. Selectman Lazott motioned to approve Chief McGillen's request to provide support for the Reach the Beach relay. Seconded by Selectman Duarte. All were in favor. Motion carried. Fire Chief Cartier noted the Fire Department will be helping with the relay as well.

The Board to discuss election schedule for 9/9/08. After some the discussion the Board members decided on a schedule. Chairman Kelley and Selectman Lazott will be there all day. Selectman Robie will be at the elections from 10:00 am to 2:00 pm and Selectman Giffen will attend from 6:00 pm to 7:00 pm. Selectman Duarte is unable to attend, because he is on the ballot for State Representative.

The Board to finalize 2nd House Agreement for Charlie Bowman. Chairman Kelley stated he had Mr. Bowman fill out the 2nd House Agreement and he fully supported it. Selectman Lazott motioned to allow Charlie Bowman to live in his current residence while the second residence is begin built and he must comply with the terms of the 2nd House Agreement. Seconded by Chairman Kelley. All were in favor. Motion carried.

Chairman Kelley to announce the sale of old police cruiser for the amount of \$3,700. Chairman Kelley announced he sold the old police cruiser for \$3,700.

Approval of Previous Minutes: Selectman Giffen motioned to seal the Non-Public minutes of 8/11/08. Seconded by Chairman Kelley. All were in favor. Motion carried. Chairman Kelley motioned to approve the Public and Non-Public minutes of 8/11/08. Seconded by Selectman Lazott. All were in favor. Motion carried.

Any Other Business

Department Heads requesting direction from the Board for COLA figures: Selectman Lazott noted it was for budgetary purposes only. He read Selectmen's Assistant Dawn Chabot's attached letter. Selectman Lazott stated he talked about a wage study last year and the LGC would do the study. They compare data from other Town's. Most of the surrounding Town's have gone to a Matrix provided by the LGC. Selectman

Giffen recalled that particular line item was not supported by the Budget Committee. He suggested that a current figure be obtained for the cost of the wage study and they should be prepared to put it in the budget. Selectman Lazott believed it was put in as a warrant article last time. Selectman Giffen replied if he wanted to put it in as a warrant article this time around, he should provide an accurate number. Selectman Lazott thought it was around \$15,000 for the complete wage study. BC Chair Penfield stated she could find out that information. Selectman Giffen commented on Selectmen's Assistant Dawn Chabot's letter. He felt they haven't had the money for a merit increase and as far as morale is concerned the Board should address that issue. As far as putting a matrix/step system in place he believed, to do it fairly, they need comparative data. Selectman Lazott agreed. Selectman Giffen stated he was not in favor of a matrix unless they have some kind of supportive data in which to construct a matrix.

Corner markers: Mr. Anderson asked if he could take the corner markers out of his budget and put in a special fund. He went on to explain currently there are 10 lots that are paid for. The Town has received some of the money. Some of the lots were sold last year and they didn't get paid for until this year, so that money disappears. Mr. Anderson clarified this was just for the corner makers that the monument company bills the Town for. It will show over \$2,000 at the end of this year, and he will be over expended. Selectman Giffen stated he would be over expended on a line with zero revenue. He suggested budgeting a higher number next year recognizing the fact it is a wash item. Mr. Anderson thought it should be put in a separate account. Chairman Kelley stated they can talk to the LGC on that.

Paul McHugh to discuss compost disposal: SWC Chair Paul McHugh noted the DES was concerned that the new recycling center did not have the space for compost (grass clipping, leaves, etc). This kind of compost is brought to the center in the spring and the fall. The most viable option was Pleasant Hill Landscaping, who is willing to take this compost. They are prepared to set up an area for the residents to bring in compost during Pleasant Hill's operating hours. They will take in all of the compost, turn it and recycle it and when it becomes dirt they'll take a percentage to the recycling center for the residents. Selectman Lazott thought it was a great idea. SWC Chair McHugh also mentioned they were opening the new facility on Saturday. He noted he will be short handed with Solid Wasted Committee members and asked if some of the Selectmen could attend on Saturday or Sunday.

Road Agent Lewis question regarding detail ordinance: Road Agent Lewis asked the Board if there was a public hearing to adopt the detail ordinance. There has always been a public hearing in the past. Selectman Lazott stated they have received information from Town Atty. Mayer stating there was no need to have a public hearing. Selectman Giffen thought the letter from Atty. Mayer was regarding the language of the ordinance, not the public hearing. He added a public hearing would have been desirable. Selectman Lazott noted they didn't need to have a public hearing, but could have if they wanted to.

More discussion on COLA/ Matrix: BC Chair Penfield noted they know the Police Department has a Matrix system and is the Board discussing dispensing with that system.

Selectman Lazott replied no, because the Police Department is on there on system. He further stated he would like to have everything role into one, like have a 15 – 30 year plan where you have increments or steps for pay increases. BC Chair Penfield stated this is complicated for the Budget Committee, because they see information about COLA and on top of that they see salary increases for the same people. You have people getting COLA and on top of that a possible 5% wage increase. BC Chair Penfield stated the Budget Committee has been suggesting for years to dispense with the COLA increase. Selectman Lazott stated he would like to look into what other Town's are doing. He further stated he would like to see COLA straight across the board. BC Chair Penfield stated the Budget Committee didn't care, but just pick one. It's a tough decision they will have to make. Ingrid Byrd stated when she was a teacher there were two types of increases. One was a step increase and the other was percentage, whatever the negotiated contract was. People who were the lowest on the scale got the smallest increase even if they were the most desirable to keep. They renegotiate the contract several years ago, so everyone got the same increase. There was no difference how long the teacher was there. Ingrid Byrd went on to explain it doesn't matter if it's a COLA increase or a merit increase, when there are people in the community that are happy to have a job. Citizen Joanne Beckwith asked how you can compare to other Town's, especially Raymond they are much bigger. They can pay more than Candia can. Selectman Lazott stated they would be compared to the smaller Towns like Auburn and Chester. He didn't feel the Town's salaries were any different than surrounding Towns.

Planning Board Chair Girard's request: Chair Girard sent an email to the Selectmen requesting their attendance at the September 17th Planning Board meeting. Jack Munn from Southern New Hampshire Planning Commission will be discussing the CIP and impact fees. Chairman Kelley stated he would like to see all of the Selectmen attend and it's something very important that needs to be done.

Announce Next Regularly Scheduled Meeting Date. The next regularly scheduled Selectmen's meeting will be September 8, 2008 at 7:00 p.m.

Selectman Robie motioned to adjourn at 8:50 p.m. Seconded by Selectman Giffen. All were in favor. Motion carried.

Respectfully submitted,
Andria Hansen, Recording Secretary