

Hudson, NH Board of Selectmen
Minutes of the October 22, 2009 Budget Review Meeting

1. CALL TO ORDER by Chairman Coutu the meeting of October 22, 2009 at 7:08 p.m. in the Selectmen's Meeting Room at Town Hall.
2. PLEDGE OF ALLEGIANCE, led by Selectman Maddox
3. ATTENDANCE

Board of Selectmen: Roger Coutu, Ken Massey, Shawn Jasper, Rick Maddox, Ben Nadeau (arrived late)

Staff/Others: Steven Malizia, Town Administrator; Mark Pearson, Assistant Town Administrator; Kathy Carpentier, Finance Director; Chief Shawn Murray; Deputy Chief Neil Carter; Deputy Chief Rob Buxton; Mickey Rudolph, EMS Coordinator; Helen Cheyne, Administrative Aide; Torrey Demanche, Executive Secretary; Jim Michaud, Assessor; Lisa Nute, Director of Information Technology

4. BUDGET PRESENTATIONS

Chairman Coutu apologized for being late. It was his fault and not his peers. Please note that all of the selectmen are here except for Selectman Ben Nadeau who he just dropped off at his house so he could pick up his budget book.

If you would indulge me gentlemen just for one moment before we enter into the budget process. He'll repeat it again at the conclusion of the meeting. If you'll indulge me just for one moment only because he wants to make sure because it's early in the evening. Chairman Coutu would make it official. He was on the phone this afternoon with the Governor. The Governor will be here next Thursday. He will be meeting him shortly before noon. He and the Governor should arrive at the Benson's property at 12 noon or approximately a short period thereafter. The purpose of the visit is we're going to look at a parcel of land that we would like to see exempted from the deed so that we can have land provided for the construction of a potential senior center.

Chairman Coutu has invited Selectmen Jasper to ask the Benson Committee to come and be with us. He has asked Selectman Massey to inform the seniors that they are welcome to come. The Governor informed him that he would welcome any citizen who wishes to come by Benson's. It gives them an opportunity because we're giving him a guided tour of the property. He would welcome any citizen who wants to partake with us. He would welcome and he obviously invites the press to attend. So that's good news. Chairman Coutu hopes that the effort is fruitful and he wanted to thank at this time Selectman Massey and Selectman Jasper for being patient with him and for doing the ground work to get the citizens invited.

Selectman Jasper and he visited the property. Selectman Jasper as you know is a member of the Benson's Committee and in that capacity he and I went to the site and he showed me 2 parcels of land. One which he preferred. The thought would be better suited for the senior center. We looked at an adjacent parcel of land. We had a discussion. We discussed the logistics and we opted for the second parcel. So for those citizens who say Selectman Jasper always gets his way, that's not true. After we discussed it, he agreed with Chairman Coutu that logistically it would make more sense to put it on the other parcel. As it turned out, the original parcel that we had discussed may turn out to be an excellent parcel for the dog park adjacent to the parking area.

Selectman Maddox, Selectman Massey, Selectman Jasper and Selectman Nadeau are invited to join him and the Governor for a brief lunch immediately following his tour. From there, he and the Governor will be heading over to the H. O. Smith School.

Fire Department (5710 to 5770)

Chairman Coutu welcomed Chief Murray and Torrey Demanche. Chairman Coutu asked Chief Murray to give a brief overview before he made his formal presentation and then we'll open it for discussion.

Chief Murray thanked the Chairman and members of the Board. Before he does that if he may, he'd like to introduce the staff he brought with him tonight. To his immediate left Deputy Chief Neil Carter, Deputy Chief Rob Buxton, Mickey Rudolph who's our EMS Coordinator, Helen Cheyne our Administrative Aide, and we also have the IT Director with us tonight who was willing to come down tonight and present our portion of the IT piece, as she brings all the IT for the town together.

Mr. Chairman as directed we have met the zero percent increase on the default budget in our operation budget lines. This did meet the budget parameter, which was established by the Board of Selectmen. He noticed today when he was reviewing the budget figures that you received that it indicates under the fire department operational budget that it shows a 3 percent increase there. Mr. Malizia indicated he could explain it better. Two years ago for FY09, the Board put a warrant article on the warrant for a refurb. and replacement of fire equipment if he's not mistaken. It was funded as a warrant article. It passed the voters. The capital reserve fund was established. Last year during the budget process, \$20,000 was going to be added to that fund. Unfortunately because of the way default is calculated, that got zeroed out. Unfortunately in the communication between the department and finance and administration the \$20,000 was put back in this year thinking that it was in last year. So when he did his budget, he didn't realize we took the \$20k out because under the default, it was zero. It's just an omission on our part. What the Chief is trying to say is that 3 percent is that \$20k. When he did his budget, he put the \$20k in. We had taken it out of his budget because it was not in the default. It had been a warrant article. So there's a little bit of miscommunication as far as that \$20,000.

Chairman Coutu asked where did that line item stand. Mr. Malizia indicated that right now it has the \$20k in it under 5730. He thought it was 450 capital reserves. You'll notice there are 2 amounts. One is for \$50k and one's for \$20k. The \$20k was not in the default budget. It had been approved the year prior. We had put it in the budget last year when it didn't pass. We had to remove it unfortunately this is a little bit of a communication issue. It wasn't intentional, it just happened.

Selectman Jasper had a conversation with the Chief about that. He also hadn't had an opportunity to review these numbers. If we look at the numbers on page 3 of the revised handout showing a 6.7 percent increase, which is an increase of nearly \$300,000. Ms. Carpentier said if you go to page 9 it breaks out the labor and the operating. Mr. Malizia indicated it's just a straight \$20,000. Selectman Jasper wanted to get that right up front as to what we were talking about.

Selectman Maddox apologized as he wasn't here the other night but if you go to page 9 even if you take out the labor and the operating, it says on page 9 at the bottom, the fire department increases 7 percent. Mr. Malizia said the labor and benefits piece increased 7 percent. That's correct. Selectman Maddox indicated it said labor and benefits, then it says operating, then it says total, it says 7. Ms. Carpentier agreed. The total budget is up 7 percent driven by labor and benefits being up 7 percent and operating being zero plus that \$20,000 for the capital reserve fund as the department heads were directed to bring in their budgets at zero percent operating.

Chairman Coutu read the minutes. In this operating budget it's zero. He said the other evening, Selectman Maddox as you weren't here, is that to expect that the departments to achieve a zero level of funding across the board would be extremely difficult, especially in an environment where you have it excessively labor driven, which would be the police and fire. We're constrained by the contractual agreements we had with step and grades, which a contractual agreements they're

going to go up. As a result of that, FICA goes up, the retirement portion goes up. Ms. Carpentier said health insurance went up almost 17 percent. Dental up 5 percent. The pension rate went up for the fire of about 1 percent. Just so we know where we are on that number and how that number was arrived at, Chairman Coutu indicated that's the bottom line. We can entertain whatever once he does his presentation.

Selectman Massey thought maybe a clarification. If you were probably to do a decimal point calculation of the percent, the operating expenses are only 15 percent of the labor. So he would guess that you're probably looking at 6.98 percent for labor and .1 percent when you look at the total impact over at the other side of the 7 percent. That's why 7 and 3 aren't going to equal the 10. Selectman Maddox indicated he'd reserve for later.

Chief Murray indicated that the objective of this year's budget request is to continue to provide emergency and support services for the Town of Hudson with the highest degree of excellence, proficiency, and compassion. This goal is accomplished through fire and emergency medical response through the continued proficiency and technical training of our personnel. Not only is the personnel within the department our greatest asset, but it's also the equipment in which we use to perform our duties. The maintenance of our equipment ranges from apparatus, ambulances, radio communications, town-wide fire alarm infrastructure, personal protective equipment, extrication equipment, and more. So the goal for the fire department is to continue to maintain and improve our most critical assets and that being personnel and equipment.

Of course every year comes with its own set of challenges. This past year the challenges were in the form of a failing economy and economic struggles, unforeseen storms, and environmental emergencies, and as we are now facing an epidemic of communicable diseases. Despite any or all of those challenges being faced at the same time, we continue to strive to be prepared and stand ready to face each of those challenges. Again, with our primary mission and focusing on protecting life, property, and the environment.

We do continue to experience increase calls for fire and emergency medical services. In addition, we have also clearly demonstrated a need for a new central fire station and the need to increase staff in that Robinson Road. However, we are very aware and recognize that during this challenging economy it's not a realistic goal to look for support in funding these projects during this forthcoming fiscal year.

Our challenge for the FY2011 budget is not to focus on new ventures or projects but to focus on strengthening and maintaining our greatest assets – people and equipment. Once again, it is expected to be a struggle in this coming year. We're prepared for the challenge, and we have complied with the zero percent increase. With the current assets, we do have in our limited request for new items we believe that we can help all of our members of our department together find creative and effective measures to continue our goal of managing our assets effectively and providing exceptional quality of care to the citizens of Hudson. We do have one proposed warrant article, and he's sure we'll be discussing that later. With that, he'd be happy to review the budget with the Board.

Before we get into it Chief, Chairman Coutu asked the Chief to elaborate just a little on revenue. Chief Murray stated that actually Mr. Chairman and members of the Board in FY2010 we saw an increased revenue of almost \$200,000 in the ambulance revenue. When we went to look at that to see what the difference was in FY2008 we brought in \$375,831, FY2009 we brought in \$575,450, a difference of \$199,619. We found out that the increase in that ambulance revenue was because we have a much higher collection rate than FY2008 went from 76 percent to 78 percent. As he pulled the counterparts in the fire service who provide ambulance services and in speaking with Comstar who does our ambulance billing for us, 78 percent collection rate is really a good number for the fire service and during the decreased economic times. So along with the ambulance revenues and just as a side note, this year so far we've collected \$105,000 in revenue – 4 months into the fiscal year. When you go in and combine all of our other permits, place of assembly, fire

alarm blasting, some of the grants and donations we brought in, we've realized a \$657,246 revenue stream that contributed back towards the town.

Chairman Coutu indicated to the Board that the budget is up for discussion. Selectman Massey had a general question which is going to relate to all of the budgets. This was the first time where the number makes a difference. Probably it would be directed to Ms. Nute. If he looked at the IT Information Services budget, it's proposed for the operations portion, and he's looking on page 8, item 5330. The operating expenses are \$86,184 and \$86,184. So there's a zero percent there. If you look at the fire department and this is going to be true, Selectman Massey thinks of all of them, they're proposing \$25,536. If you go back into the justification for that, he's looking at about in one of the IT's and he can't see it in all of them. Does the IT portion of each one of these cost centers equal to \$25,000? You have in addition to your IMC and other maintenance software you have supplies, etc., etc. Selectman Massey knows what they're trying to do is isolate the cost of IT for the department.

Selectman Massey asked - the question right now is the \$25,000 for FY2010 spread across all of the accounts? Chief Murray said yes. This is all of his IT needs for the entire department. Selectman Massey said we've just pulled them all out and put them into the 77 account. Chief Murray said right. You would not see them in other lines. Thank you [Selectman Massey].

Selectman Massey's last question at the moment. On 5715 he's looking at item 224 - facilities, building maintenance. In the backup you indicate \$20,000 across all of your buildings. If you look at the total increase, it's about \$11,000. So he was just wondering what the \$20,000 represents. As you know, Chief Murray said they continue to be challenged by the age of the facilities. He put that \$20,000 in there because he has some additional work to do as Central fire station. Some examples are we have carpet upstairs on the second floor in the computer library and in the rooms up there that is now torn and literally becoming a trip hazard. So he planned to replace some of that. There is if you will a fire door which separates the basement from the main apparatus floor. That's really made out of a solid core door. However, it has a laminate on it. That has defraged if you will. That really should be replaced and really replaced with a fire door should anything happen down there. It's those types of projects that are beginning to occur in the stations that he needs the additional funding for. Selectman Massey thanked the Chief.

Selectman Jasper indicated he was a little confused as to how we're going. Normally we go at least by cost center and start with administration, move on, and ask questions there. Chairman Coutu said if he'd like to do it that way. Selectman Jasper said when they get into those larger budgets, it's a little hard just to say any questions and move on. If everybody wants to do that, that's fine. He's not used to doing it that way. Chairman Coutu asked if he wanted to do it by cost center and start with 5710? Selectman Jasper indicated he would prefer to himself. Chairman Coutu agreed with him that in principle it doesn't make sense to take a budget of this magnitude and just skim over it. We should probably look at it and peruse it more carefully.

Again, Selectman Maddox apologized for not being at the meeting the other night. He wondered how they did it the other night. He did see they cut some monies out of that budget. How did you get there? Mr. Malizia indicated that when they got to that cost center, he made a proposal because they had had some discussion earlier in the evening about how we might do some things different in the engineering department with the department under consideration and the Board after they contemplated it thought that was a reasonable approach and we did it that way. A smaller cost center though. Selectman Maddox asked if he had any from the fire department. He doesn't disagree with Selectman Jasper. If we're not going to do anything, no sense in going line by line. Chairman Coutu said they were not going line by line. They're going to target each category for simpler terms. We can deal with 5710 if you have no problem with 5710. We'll move on to the next section, the next cost item.

Chairman Coutu indicated that he knows Selectman Maddox has been out of town, but he hoped he had some time to review portions of the budget.

(5715)

As Selectman Massey pointed out, the significant difference there is the \$20,000 for the building maintenance. Selectman Jasper was curious on the telephone and it's hard to tell because we don't have the year to date in front of us. The telephone went from \$7,300 to \$11,500, which is consistent with what we had before. If memory served him correctly, he thought they had done some things in the last fiscal year that was supposed to result in savings. We seemed to have now lost those savings. Chief Murray said they have absolutely have seen the savings by switching over to Centrex and all of that. His only problem in this telephone line, it also carries those T1 lines that feed the radio systems. That's really the most expensive part of it. If you recall, we added a line to the water tower. That's really where a lot of that expense comes from. That also pays for the internet connection up at Robinson Road. As he said, radio communication lines for the water tower and Robinson Road. That's \$1,920. Then Fairpoint, the Centrex lines, fax lines, and telestaff. Then we have AT&T phone lines. The only remaining cost from us going over to the Centrex system is because we are an emergency dispatch center and we go an IP phone system like we have, you have to maintain 3 or 4 hard copper lines. So if the IP system goes down, we have backup in emergency communications.

The other problem Selectman Jasper is having here is following, and he doesn't know if it's him, if he looks at line 208 on page 15. That's the problem, and it's not his. Telephone is listed as 11580, but if you go to the backup it's listed as 9. It appears that what's happened is heating, oil, and telephone have been...Mr. Malizia said the total is above and not below. Chairman Coutu indicated that they were looking at the backup. Selectman Jasper now sees how it's done on the backup. He's not used to that. He still doesn't understand what we added in this last year to get from maybe \$7,300 isn't going to make it for this year. That was Chairman Coutu's question. The follow up is that are we underfunded this year? This all didn't take place July 1st. Chief Murray indicated that they were underfunded last year because they put the water tank in last fiscal year but we paid for the phone lines out of the previous budget. So what they're doing is just moving that cost to this year. Mr. Malizia said that Chief Murray is also under a default budget. Any change he attempted to make to rectify any situation carried forward. You'd be looking at a budget that would be underfunded. So during the year, he's going to have to find funds somewhere to carry those costs. If you look at his history, he spent it the previous 3 years.

So we have clarification going further now into the budgets, all of the budgets, Chairman Coutu indicated that's been a confusion with him. The FY2010 budget line on all these budgets is the default number. So forget what was requested last year. Say in this one line Selectman Jasper had he requested \$10,000 and it was only going up to \$11,500, he'd get nailed with the default at \$7,352. So that's a number that's going bear. We can't make a comparison with what his actual request was because we don't have that number. We're not dealing with it. It's not a factual number. So now he's having a clearer understanding.

Chief Murray said that the other thing he's going to see various fluctuations in his percentages. You're going to see spikes in some, and you're going to see negatives in the other. What happens when we're dealing with a default budget is simply what he's doing is moving money around to try and make up, for example, the deficits that we see with the phone lines here.

To put it in perspective, Selectman Massey said that if we were dealing with the FY2010 budget as proposed, the entire FY 2011 budget would be up only \$200,000 approximately. It's up \$500,000 because we're going from the default to FY2011. So what we're not seeing on all these lines, and he saw that when he was looking at this, we're looking at what the default said it was going to be and not what we approved to go to the voters. So the only way you could really make some determination is to have another column that showed they FY2010 proposed budget. Not really proposed, but it was proposed. Chairman Coutu said it should have simplified the process is if we're in the default budget, that would be the 2009 budget. No [Selectman Massey]. Selectman Massey said the default budget is the 2009 plus all of the statutorily required changes. The step

increases for wages, any of the warrant articles that has to get put back in. So it's more than just the 2009 budget. Chairman Coutu said those unknowns. That's right.

Selectman Jasper is trying to get a handle on this because and maybe we transferred money out of there, but it would have seemed to him unless we cut the budget and this is the problem. We don't have the actuals in front of us. If he looks at 2009 for telephone, it was actual \$12,300, so he would have expected to somewhere in there. He does remember there were some savings. What he's hearing is well we have the new line, which is only \$1,900. He can't make the math work here.

Chief Murray said he just hit on it. In 2009 it was \$12,000. The difference you're seeing from what he's requesting this year is the savings by switching over to the Centrex system. In 2009, the water tank T1 phone line hadn't been installed yet. We weren't on the water tower at that time. Selectman Jasper stated that's less than \$2,000. To point out what Selectman Jasper saying is, Chairman Coutu asked why do we see it dropping in 2009 to 10 by \$5,000. Now we're increasing it by \$4,100. Mr. Malizia said 9 is an actual and 10 was a budget number. So 9 was what actually happened when he proposed his budget. We'll have to get a whole other set of books or put up more data on this sheet, which will make it smaller. Bottom line, he's sure he didn't ask for 73 for the last year. That's what he got stuck with because that's what the default was. For all he knows, he overran this thing in 2009. He's sure he did. That's an actual number. We can give you all kinds of data. The problem is you won't be able to read it because you'll need glasses. We can put all kinds of stuff on this. What's Mr. Malizia is trying to say is you've got 3 columns of actuals. That's what we've actually spent. Whether we like or not, that's the spending pattern.

Last year's budget is the default budget. It doesn't matter what he asked for. He might have recognized that he had a problem and he's got to put some money in. That's good for him. It just got changed. It's back to what it was going into that budget. When you're comparing it, he suppose we could put a column on there and say here's what we asked for but it's moot. We didn't get it. If we could put that there and it's just another data point, but we could put a lot of columns here. That's his concern. We can put too much information and we get confused that way also.

Selectman Jasper said that this problem is probably going to pop up all over the place. The problem is Steve that he's having with telephone. If you look at the 3 years actual, they were all in the 10, 11, 12. So even if we were anticipating a savings in 10, and that's what was in the proposed budget we went to the default, it would have gone back to something that he would have expected would have been in that 10, 11, 12 range because historically it was 10 and 11. He just doesn't understand how we got to 7,300 when the default should have put us back at the \$10,000 or \$11,000. He knows it's not a lot of money that we're talking about here, he's just trying to get some handle on where we're going and how this happened. He doesn't recall that we transferred small amounts of money when we did the default out of these lines. That we did everything with pretty big numbers. It just doesn't really make any sense to him at all. Chairman Coutu said that one of the problems is having to deal with the default numbers and it is confusing.

On point that Chief Murray said that Lisa just brought up is you will see the savings in the Centrex system under 5330. Then again when he does his telephone, electricity, natural gas that is based on historic payments that they make. He hears what they're saying. We switched a number of T1 lines. He asked how many they reduced. Alvirne High? We had a line there that we did away with. We had a line on (inaudible) Road, Burns Hill. So during that whole period not only the history of these telephone lines, but we were moving the T1 lines which are the most expensive line you have because that's what they run their radio system through.

Selectman Massey said that one thing that might help and he thought they had it and he didn't know if it's in the packets here because he hadn't seen it. It would be helpful if we had the summary sheet that showed for each department where the changes were going to be made in order to get to the default budget. There we said we were going to take X bucks out of this

account, etc., etc. Mr. Malizia said he thinks they're confusing the transfers they were going to make to try to cover some shortfalls. The default budget changed probably every line in the budget to some degree. What you're thinking about is that massive transfer we talked about. You're not comparing an apple to an apple. Selectman Massey said you're right. Mr. Malizia said last year on the budget over there that KC just looked up, he asked for \$11,300. He got \$7,300 in the default budget because he was sure the year before that's what he asked for. That's what Selectman Jasper is saying doesn't make any sense. Consistently it's been 10, 11, 12. Mr. Malizia said maybe he's going to save more money and he didn't.

Chairman Coutu said the default is what's confusing because even if you're looking at historic numbers, the historic numbers are the actual expenditures. The requests could be considerable different. Selectman Jasper understands that. He's just saying in a line like telephone which generally doesn't fluctuate. It's been going up. You look at it and say all right. In 2008 and he was looking forward to 2009, why would he ask for \$7,300 in that line cutting by over about \$4,000. Chairman Coutu said maybe they overestimated what they were going to say at that time. That wasn't the year we were talking about the savings [Selectman Jasper]. That was the budget that got defeated. It doesn't matter because this is just one line.

Selectman Maddox asked if there no benefits to the green team efforts. He didn't see any reductions in electricity, natural gas, fuel. None of that panned out or is it just too early to tell. Mr. Malizia indicated there was nothing they did on natural gas. Selectman Maddox knew they changed the electric and we got (inaudible) in payback. Mr. Malizia said that project was a 50/50 share. We paid for 50 percent. The electric company financed or paid 50 percent. Our 50 percent was going to be through our rates for the next couple of years. Selectman Maddox asked when that savings kicked in. Mr. Malizia said it was a 2 year payback. So the third year you should see some savings from it. Chief Murray indicated that all fixtures in all of his facilities were changed. Mr. Malizia said he wouldn't say all facilities were changed. Selectman Jasper said we're paying them the savings for 3 years.

(5720)

Chairman Coutu said this deals primarily with the communications area.

Selectman Massey asked Chief Murray on item 403 how old are the radios that you are proposing to replace. It's his recollection that we just did this 3 years ago. Chief Murray said they are about 3 years old. This is to begin changing them out slowly in a longer term program instead of trying to do them all at once. If you recall, all of our mobile and portable radios we received through a state-wide radio grant. So we had no initial cost. This is looking long term trying to do 10 a year.

Going off of that question, Selectman Nadeau asked do we really need to do 10 a year seeing that the equipment is this new. Chief Murray said no. We can do 5 a year. We have at least 35 portables. So if you do 10 a year by the time we cycle them out and we get to the end of it...Selectman Nadeau asked if it would be better to put this in a capital reserve fund for radio replacement and not replace any in the next 2 or 3 years. Chief Murray thought 2 years in a row to establish an equipment capital reserve fund and there was no interest in doing it. We were going to try and do SCBA. All those high-priced items – thermal imaging cameras.

Selectman Nadeau doesn't think spending almost \$15,000 on radios that we have that are brand new. Chief Murray said they were not brand new. They were at least 3 years old. Don't forget those portable radios go into fire and smoke environment, they're exposed to weather. It's not like they're in a nice warm fire car. They're hanging off the firefighters when they're in doing their thing. So they inherently after a period of time exposure to that they begin to break down and it doesn't become cost effective to repair them so you replace them. Most of them come with a couple year warranty, which they've been very lucky and haven't spent a lot of money on either. Chairman Coutu indicated that that line item includes hand lights, pagers, radio charger, and then the 10 radios for \$11,000. Selectman Massey indicated that this is one of those areas where we're

better off if we're going to do this to put it in the operating budget than to put it on a warrant article. It's a safety issue. If it's on a warranty article and it's defeated and we need to replace one of these we can't. Chairman Coutu said no means no.

If you put it in the operating budget, Selectman Massey said even for whatever reason the Budget Committee cuts it, the Chief still has the discretionary power to if he needs to replace one for safety purposes, to take the money from another part of his budget. So from a long-term perspective, this type of an item he thinks makes more sense to leave in the operating budget. From what he's hearing given that it's probably a 3 to 4 year cycle, 10 a year makes more sense than 5 a year. The problem is if we go 5 this year and they'll look potentially at 15 next year. So you have a yo-yo affect on the costs. Selectman Jasper asked what the expected life span of these Chief. Chief Murray indicated 5 to 8 years. Selectman Jasper said if we did 7 a year that's 5 years. That's fine [Chief Murray].

Motion by Selectman Jasper, seconded by Selectman Nadeau, to cut \$3,300 from 572403 line, small equipment.

Selectman Jasper said that even though it may go 5 to 8 years to stay on the low side here there's going to be some that are obviously damaged over the years. Five is probably a better average. We were at 3 ½ years with what we had budgeted. He thinks this is a better place to be and just consistently do 7. It puts us in a better place.

Vote: Motion carried 4-1. Chairman Coutu in opposition.

Selectman Jasper asked if we had a new dispatcher or a dispatcher that previously didn't have benefits that picked up benefits. That line went up by \$19,000, which is obviously a lot more than 17 percent. So he was just wondering what happened in that line in benefits. Ms. Demanche said yes we do. Selectman Jasper stated that the 17 percent plus 1 person. Thank you.

Chairman Coutu asked the Chief to explain to him on 121 on flex why it went down. He thought that was something that was either consistent or increased. Ms. Demanche indicated that would be the same person who had stopped taking flex and takes insurance.

Selectman Maddox asked if he rolled his radio repairs into something else in 212. Is that broken off somewhere else? Chairman Coutu indicated he has a zero request. Selectman Maddox stated it's been 1711 and he budgeted for 7,000 or its 7,000 this year. Chairman Coutu said they were on line 212, radio repairs on page 19. You went from 7,000 to zero. (unintelligible – not speaking into microphone). Chairman Coutu said there's an increase of \$384 over the default.

(5730) – suppression area

Chairman Coutu said that all of the Chief's wage line items – are all of those positions filled at this time. Chief Murray said yes they are. Selectman Jasper had a comment. Here is where this department is really being driven. If you look at the fire retirement and the insurance benefits, we're \$155,000 increase on things we don't have any control over. Chairman Coutu stated that the retirement portion of that is a result of the legislation. That's going to be severely impacted again next year. So we had no control. That's by mandate unfunded. Then we have on the insurance benefits what was the percentage of increase? Ms. Carpentier said 16.6 percent and 5.0. Chairman Coutu indicated that we went from 3 12s. There's an \$88,000 increase in that line item alone. Quite frankly, he's surprised the retirement didn't go up higher than what it actually did. What was the overall increase on that by state mandate? Ms. Carpentier said \$167,000 for the whole town. Chairman Coutu said that their portion of it is \$64,000 somewhere in that vicinity. Chief Murray stated that dental insurance also went up, correct? Ms. Carpentier said 5.5 percent.

As Selectman Massey looks at that, the retirement because of the changes the State made went up 18 percent this year from the default budget of last year. Ms. Carpentier indicated which the

default would really capture. It increased over the 2 years. So when you're going from 9 to 11, or default to 11, it's really the 2 increases that were mandated.

When Chairman Coutu looked at line item 319, the bottom of that page – uniform purchases, it is significant in '09 than in '10 the default went to 51. You're requesting 27. Is that as a result of equipment or uniforms that were purchased through grant monies. You were able to reduce by that much? What is the difference between what we're going to purchase or you're proposing to purchase a \$27,000 as opposed to what we've already purchased under the grant which he thought was sufficient uniforms to change everybody over. Chief Murray said that every firefighter in the Hudson Fire Department, every active firefighter, got a new set of protective clothing through the grant. We also towards the end of the grant we were able to purchase every active firefighter 4 street pants. What you're seeing with the turnout pants and coats inherently on a yearly basis he has protective clothing get destroyed at a fire from oil, chemicals, solvents, and basically that's what those 4 pants and coats reflect. Is that what you're looking at? Chairman Coutu said yes.

Selectman Jasper said this is where we get into the capital reserve accounts. He's not proposing that we take the 20,000 out because he's a proponent of the capital reserve accounts. Chairman Coutu asked if he was talking about 450? Selectman Jasper said yes. Chairman Coutu said they have 3 items there. So you have the 2, the 50,000 and the 20,000. Do you want to take that now or take these at the end of the budget? Selectman Jasper indicated that they were in the budget. Chairman Coutu asked if they were warrant articles. Mr. Malizia stated that they were established 2 years ago. Last year because it had been a warrant article the previous year it didn't have a placeholder in the default budget. We can't just put warrant articles in as a default budget. So it was a zero last year for that \$20,000 one. The \$50,000 one has been a recurring expense now for 5 years he thought it was established. We've been putting approximately \$50,000 in. When we established the new one, the intention he assumed going forward to put some number of funding in during the years so that when we go to make the purchase or purchases with a purpose, you're not getting hit with a big bill. It's entirely the Board's purview as to what they choose to do there. Again, the \$20,000 because it wasn't in the default we could have stated we shouldn't have put it in, but it is there for you to see. You can take an action on it. You cannot take an action on it.

Selectman Jasper just wanted to call the attention, but he thought that we should fund it. This is a program we started. He thinks it's a good one and the money should stay there. He didn't want to pass over it without clarifying the point. Chairman Coutu didn't want to just pass over these items either, but he wanted to reiterate what was said the other evening. He believed he said, and for Selectman Maddox's clarification because he wasn't here was that he said that if we as a Board would like to see us try to maintain the budget so that the rate that's going to be reflected this December doesn't change significantly come next July, that that's an area we can look at. Not just this budget, any budget. Those are monies that we can zero out if we want to bring the entire budget down to level funding. So he's not hanging that over the Chief's head and he doesn't want him to panic as a result of it, but he wants every department to realize that that's an area that we may look at in order to try to bring this down to a point where we can maintain it. If we can't further reduce the tax rate, at least try to keep it stable on the town side. Other factors are going to determine what's going to happen on the other side of the budget, but on our side of the budget anyway. He understands what he's saying, but he wants the Chief to clarify especially for the listening audience, let's take both of those line items and you explain to us Chief. We'll deal with the 793 item, the suppression CRF apparatus refurbishment and explain what the \$20,000 is set aside for each year.

Chief Murray stated that this capital reserve account was established – it actually became as a result of we found out that we needed to replace the engine and the ladder truck at a cost of \$40,000. So we had to find that funding in the budget year. At the same time when we looked at the ladder truck and found that we could potentially extend its life 5, 10 years at the most if we had a capital reserve fund where we could spend \$10,000 for example to take care of hydraulic lines, the electrical systems, as you can imagine, they are very complicated, or other equipment

that has sustained itself fairly good over its life and with a refurbishment \$20 – 30,000 we can extend the life and put off the capital cost of a whole new apparatus.

For further clarification, Chairman Coutu asked Mr. Malizia – there's \$20,000 if it remains in this budget will be all of the money that in that line item at this time if this passes and this budget passes the voters, correct? There's nothing else in the capital reserve. Mr. Malizia said there is for the year we established. Selectman Massey said there was currently \$20,079. Chairman Coutu indicated it would add to it. To further clarify, and correct him if he's wrong, this was voted for and passed by the voters. Mr. Malizia stated that was correct. Any capital reserve fund to be established...Chairman Coutu wanted to make sure that they know that this isn't a line item that we created. The voters were asked if they wanted to create it, and they agreed to it. The \$50,000 line Sir on 45755, which would be the fire apparatus line.

Chief Murray indicated this was their main capital reserve fund for the purchase of the larger apparatus, the engines. Mainly the engines over the years. We build upon it every year to get to a spot where we need to replace an engine. We can have the funding for it. One of the things we have done over the past couple of years through the support of the Board and the Budget Committee was we've been using apparatus capital reserve funds, but we've also been able to use some unexpended fund surplus to combine the 2 funds. That's how we purchased the Pierce. This is the fund for major fire apparatus.

For further clarification, Chairman Coutu said in the scale of things looking at your major equipment purchase, which is fire truck apparatus obviously. From low to high point wherever that medium is, what is the average cost in the middle for a piece of equipment if one was totaled out? Medium cost. Round figure. Chief Murray said \$400,000.

Selectman Massey stated this is truly one of those areas where you pay me now or you pay me later. When you pay me now, you maintain a stable even impact on the tax rate. If you do it as you need them, then you have these spikes in the tax rate. If there is anything he thinks the taxpayers can't take is spikes. It has a significant impact on their ability to plan going forward. Just to give you an example, on his first year on the Board – and we'll get to it at one of the next accounts, we were putting \$30,000 a year in the capital reserve fund for ambulances so that it would cost us approximately \$90,000 to buy one. If his memory is correct, we paid what for this year - \$140,000? Mr. Malizia said we appropriated he thought \$155,000 and we ended up getting it for a little bit less with the trade. But the prices have gone up significantly.

Selectman Massey indicated that we've gone almost 50 percent increase in the last 6 years. We've actually increased the ambulance from 30 to 40. We're probably going to have to be looking at it differently. The bottom line is of all the things that you do, this is one of those areas where you can have a good impact on how it affects a taxpayer's ability to pay. It's a savings account if you want to think of it [Steve Malizia]. You're just saving a part of your allowance for lack of a better word for it. Chairman Coutu said it's a positive thing. Clearly being the newest member of the Board of Selectmen, he considers himself a layman when he's looking at budgets. Not that he's never done a budget. He's done plenty of a multi-million dollar budgets but the point is that the average citizen out there sees a line item and then we need to recall that they approved it, and the purpose is specifically for that. It's in anticipation of having to replace. If we bank the money now, there's little or no impact. It stays at a level funded base. As you said if we didn't we had to come up with \$400,000 the next year. That reflects on the tax rate. That's a significant amount of money. That does impact the budget when you get into the \$400,000 range or near half a million.

Selectman Maddox said it was a nice analogy. He thinks that when you're budgeting money to buy a new car and your kids to college, you have to look at where you are. He thinks that's what we're going to have to do at the end of this. So one or both of those accounts could be hit to be able to stay within a number that we can live with that we can say it's supportable. He agreed with Selectman Massey. In the perfect world, you want to be able to say it's going to cost half a

million dollars your budget, \$50,000 a year for 10 years. You're there. This is going to be that one year that you're going to have to take a look at it. Thank you Mr. Chairman.

(5740) – fire prevention, page 34

Chairman Coutu asked KC – the increase, the 168 to 186 basically is reflected in the insurance and medical, right? Mr. Malizia said yes. The rest of the line items are relatively modest. This is labor driven. Selectman Jasper said that's a \$16,000 increase. Mr. Malizia said get married and have kids. Chief Murray said yes.

(5750) – ambulance, page 38

Selectman Massey indicated this was his pet peeve. We spend more on labor than \$17,500. We have on every shift at least 1 person who is assigned to the 2. So the cost of an ambulance is significantly higher than what we're seeing here. We're taking the paramedics that are on the ambulance and putting them in the suppression account. So we're overstating the cost of suppression and understating the cost of the ambulance. The long-term piece right now is that we're actually taking in more money than we spent. We're getting reimbursed at Medicare rates and not what we might think of the rate. We're basically taking the lowest possible rate that you can use to have reimbursements. For whatever reason long time we had to put this on a self-sustaining basis, this is not the cost of ambulance service. It's significantly higher. It's not significantly higher for the overall fire department budget, but when you compare what it costs suppression versus what it costs ambulances, we're not getting a true impact.

Chairman Coutu agreed. He thinks we need to start comparing apples with apples and oranges with oranges. Selectman Massey said this is not criticism of the Chief. That's just the way it's been done all the time. One of the problems is how do you account for the time. Sometimes they're punching on the clock as a firefighter. Sometimes they're on as an ambulance. So it becomes an administrative problem. So he's really not looking at this as a Chief's issue, it's more of the town. Chairman Coutu thinks that we need to more accurately reflect the expenditure for the operation of the ambulance service so that if an argument is ever presented in the future about privatizing, we'd have a factual number to deal with. Though the bottom line reflects everything as you say within this particular category, \$127,000 is not an actual reflection of what the needs are going to be for that department. It is significantly higher. It's hidden in fire suppression.

Selectman Maddox disagreed. It's not hidden. Chairman Coutu said it was in there. Selectman Maddox said here's one of those great things that the town does that I guess we need to sell a little bit better. In his estimation, Mr. Chairman, you're going to have minimum staffing of firefighters on every shift to meet certain requirements. Basically the Town of Hudson gets ambulance service for little or no money. Those personnel would be there ready to put out a fire now more and more that are going to emergency calls. So he doesn't see how you would be able to make those numbers work. We have to have staffing for equipment for fire. They're there. The role for ambulance is probably 10 to 1. It's one of those benefits the town is getting. We have people that are trained as paramedics, various levels of EMT. This is one of the things that if we eliminated the ambulance service tomorrow, we probably couldn't cut the budget very much because you still need to have that minimum staffing. He thinks that although you're right, he just doesn't see how you could ever put it into numbers to be able to make it work. So what it is, it is. He thinks they broke it out the best they can. We can make ourselves crazy or in some cases crazier. This is one of those items where we just let sleeping dogs enjoy the neighborhood.

Selectman Jasper stated that this is one of those discussions we were having since 1492. There is no easy way to do it. Every few years at least we have this exact same discussion. Selectman Massey said the only reason for raising it is we recently saw a neighboring town had a serious discussion about privatizing. You're right. If for whatever, and he's not even thinking about it, if that were to ever happen, this is not the cost to the town of running an ambulance system. He agrees with Selectman Maddox. This is one of those things where ultimately let the sleeping dogs

lie. The amount of effort it would take to separate the labor when it's on a fire call versus the amount of labor that's on an ambulance call would create an overhead in the department that we might not be willing to do.

(5765) – fire alarm, page 42

Chairman Coutu said there was no significant change whatsoever. For those at home, Selectman Jasper said \$.26. Selectman Massey wanted to understand why we don't show labor on this one. As you recall, Chief Murray said that the fire alarm is done by a full-time firefighter on overtime. So it's covered under the suppression overtime line. Mr. Malizia said we can do all kinds of wonderful accounting if you'd like to hire another accountant. Chairman Coutu asked if you had to have a fireman do this. The point Selectman Massey is making is if we knew how the labor was, we might be able to be in a position to know whether it is cost effective to keep it in house or to subcontract it out. Without the labor in there, you don't know. Chief Murray can break the labor out. As a matter of fact, we did it a couple of years ago showing you use of a firefighter on overtime versus contract services. We did it for fire alarm, mechanical. Selectman Nadeau said when we were going to run the cable, the T1 line. That's when we broke it out to see if it was more effective to run it ourselves or to run it with a contractor. Chief Murray does track their hours separately. It's not just in that 15730 overtime. We clearly mark this as fire alarm overtime and go from there.

Selectman Jasper said this is probably one of those areas where because of the nature of the beast it would be very hard to get a contractor who would be able to say well I can come in and do it right now. This is an emergency service but in an ice storm when most of these things go down, those contractors that do this probably have a higher priority contract. We would be at the bottom of the list and our fire alarm system may be down for 2 or 3 days because they're out working for their primary contract. Certainly this would be a tiny, tiny contract for anybody.

If Chief Murray could Mr. Chairman and thank you for reminding me about it. During the ice storm last year, and this just goes to show you the system that Lieutenant Tim Kearns has maintained for 15 – 20 years now. During the entire ice storm last December, the town's municipal fire alarm system – we didn't lose a line; we didn't lose a circuit. The only thing we lost was a fire alarm box on a business that was knocked down by a fallen tree. He truly gives accolades to Lieutenant Kearns and Firefighter Sullivan, and a couple of the other guys that maintain that system. It's unbelievable how well it holds up. When you talk about a contractor versus someone locally that knows this system, they can find a fault in the system and usually have it repaired within an hour or two.

(5770) – emergency management, page 44

Chairman Coutu said no significant difference - \$500 approximately.

(5777) IT needs, page 46

Chairman Coutu said that if you noticed this is a new area within the budget. So it's a new line item and separated out from IT. The cost will be \$25,536 and deferred to the Town Administrator. Mr. Malizia said they had proposed and we had budgeted and had planned on doing this last year the separation. Because of the default, that all went away. This wasn't the first year we tried to do it. Last year was the first year.

Selectman Maddox asked, "So we'll see a \$25,000 reduction in the FY201 default budget number for IT?" Lisa Nute said this is the exact same number that fire had before. These were in the fire budget, but they got dumped back into this communications area, his fire admin. area, etc. So all we did is pull those back out again. This is our second attempt to try to reorganize all the departments. Several of the departments have IT and have had IT always in their area. We discussed here that we wanted to see that. We wanted to see what fire is using for IT, but police is using assessing, etc. This number has not changed. This is the exact same. It's a zero percent

increase in their IT. It just was thrown back in the default and back into several different areas within fire. So we just ran it back in to show you how those numbers will work now in FY2011. It's the exact same figure.

Selectman Massey thinks that when they went down this road we wanted to be able to identify what the cost of IT was in each department. That's why we broke it out this way. The purchasing policy clearly says that the IT Director must approve all expenditures over, he believed, \$500 for any computer related. Ms. Nute said all of them. She looks at everything. Selectman Massey said that's where we keep the overall look at it. Any equipment that's going to be purchased has to go through the IT function. At least now with this mechanism we know what it's costing for each department to have an IT function.

Selectman Nadeau said in here you have a Tough book with a car adapter. What is that one for? What do you guys use it for? Chief Murray said they want to put one in one of the ambulances. Typically on an ambulance run by the time they get on the call, get to the hospital they have to fill out their paperwork or if they come back to the station, it could potentially be an hour and a half turnaround depending on how long they have to be at the hospital. What this Tough book does is there is a computer software program provided by the Division of EMS in New Hampshire. It's called Temesis. What it allows is them to complete their State ambulance report on line on computer and it gets sent to the Bureau of EMS who tracks statistics. Secondary to that, we have the capability and we're going to work to switch over so that we can send all of our ambulance billing information electronically to the billing agency that we use now. So what it is is efficiency type thing. It reduces the turnaround because if you have a stable patient on the way into the hospital the firefighter can fill out all of his reports, have them all filed, and get turnaround quickly.

On a busy day, they can get backed up with 4 and 5 reports at the station sometimes because the hospital needs that record, we need to get it turned around and back to them as quick as possible. This is a part of the program we want to try and see if we can improve both State reporting and turning our electronic billing around quicker. When we take a patient to the hospital now, it's all manual paperwork. The dispatcher has to make sure it's all together. It goes up to a Deputy Chief for quality control and makes sure all the ambulance billing information is there. That can essentially take a couple days before we hard copy and mail it out to the ambulance billing company. With this technology it can be QC'd on line. He can look at it, release it, package it up, and send it electronically all within a couple of hours of doing it. When you do that, they get the claim faster. It processes the claim faster, and the money comes quicker to the town's account. It's that type of technology.

Chairman Coutu asked if they're using Tough book on the ambulance, he's concerned about the quality control. That aspect will still maintain. That report will still go to a deputy before it's finalized and sent out. He will review the report. So he'll pick it up on his computer. It'll be downloaded, and then he can approve it and then ship it out. He won't have to go through all the individual pieces of paper that are handed in manually by using the Tough book. Additionally as you know as the police use their mobile data terminals to communicate with the dispatcher, Chief Murray said they would have that ability too. Like the police, they'll be able to talk to their dispatcher electronically. The dispatcher can send the call to the computer. One of the things they constant hear is, "Can you repeat the address." So when dispatcher now dispatches, it's going to pop up on that Tough book computer.

Chairman Coutu drew the Selectmen's attention to the back of the books and if you'll go to Tab J. Proposed tanker warrant article. This warrant article will ask the voters to raise and appropriate the sum of \$295,000 gross budget for the purpose of purchasing a replacement fire tanker and it would withdraw \$150,000 from the capital reserve apparatus fund and to appropriate \$145,000 from the 2009-2010 unencumbered budget surplus. This appropriation would be in addition to article 17 of the warrant budget.

Chairman Coutu asked the Chief to summarize his rationale. The total effect of the tax rate is zero. The money is there. Mr. Malizia indicated that the money is coming from the capital reserve established and if you go with this wording from the surplus when you take it from the surplus. Chairman Coutu said it would have a zero effect on the tax rate.

[Chief Murray] Mr. Chairman as you know we've been attempting to get a tanker through the assistance of the firefighter's grant for...Chairman Coutu said 472 years. Chief Murray said they are still in the running for a tanker. In other words, and he says this every year, we haven't been denied it. As a matter of fact, the federal government just authorized that grant program today. So it will be another month or two before you hear anything on it. We have the apparatus replacement program. It's been very successful.

As he begins to look at the department, and our apparatus needs, and the purchase of new or modern apparatus, we had talked about a tanker last year. When we came to look at it again this year, we've decided to ask you to consider a 3,000 gallon tanker. It's very similar to the one that you have in your package with the diagrams. That particular model is a Pierce. Obviously we'd go through competitive bidding process. After really looking at this, we feel that if we replace the tanker that we have now with a vehicle of this type, dual axle, 3,000 GPM, 1,500 GPM pump, that this would allow us to basically eliminate one tanker and provide us with the water supply that we need for those areas in town that do not have hydrants in the district. Once again, at one point we had talked about a \$4 million cab, but the reality is we potentially don't get that staffing. This tanker really is going to be assigned to the non-hydrant districts and a 2-man cab would suffice to get it there. Chairman Coutu said in all likelihood it would be at the Robinson station. Chief Murray said no. It could potentially be at Burns Hill or Central. We haven't really committed to that. It can go either way. Chairman Coutu asked which end of town has the least hydrants. Chief Murray said it is the south end, but it becomes a manpower issue. He doesn't want to commit to it. Most likely south end.

Chairman Coutu said listening to what Chief Murray is saying, you said that you wanted to use it to cover those areas that have the least amount of fire hydrants. We all know it's the south end. Mr. Malizia said if you took the town lengthwise, this half on the right is the least hydrants because the water supply is closer to the river. So it's north and south. Selectman Jasper said it's more like the east side of town. Chief Murray said Lawrence, Robinson, the Pines. Mr. Malizia stated our water supply doesn't really go over in that direction. Chairman Coutu asked wouldn't the quickest point of access be out of Robinson Road. Selectman Jasper stated if you don't have the personnel there, it's not staffed at night, you may not get that apparatus on the road. You'll get it on the road at the south end in a structure fire. Chairman Coutu knows that at the south end of town, especially when you get up in the south eastern corner, and you get into those narrow streets, there's been some serious problems up there. We've lost homes as a result of not being able to get water having to come down to Dracut Road. He's not trying to be selfish about it; he wants it where it's most accessible for the benefit of the whole town if, in fact, we were going to go with this group.

Chairman Coutu asked for further clarification for Chief Murray to elaborate so that he had it clear in his head in case this comes up for discussion. You said that this is going to replace or you're going to eliminate another tanker? Chief Murray said it's going to replace one and we're going to eliminate the second tanker. Chairman Coutu asked what is the benefit of eliminating a tanker. If we have 2 now, we're going to buy 1 that is going to replace 2. Chief Murray said simply because the 2 tankers we have now have approximately 1,500 gallons of water. We're going to look for a 3,000 gallon tanker. Yes, we're basically taking the 2 and combining them into 1. Mr. Malizia asked what years the tankers were. Chief Murray indicated that one's a 1987 and one's a 1989. This one is the 1987.

Selectman Maddox indicated that we've done that firefighter grant so many times, but he still didn't remember – was it a 10 percent match? Chief Murray said on the grant, yes. Selectman Maddox wanted to know if there was any benefit – he knows in some highway projects if you're

willing to put up more money – if we made it a 40 percent match would our favorability go up. We do have \$150,000 in our capital fund, would that help our benefit to be able to say we'd pay 40 percent. Chairman Coutu didn't know who did the grants for the fire department, but as he understands most grants they set the rules. They'll tell you it's a 20 percent match and you can't say we'll up the ante to 40 percent. They would have to agree to do that across the board for everybody in the United States who applies for the grant. As he understands grant writing, you can't change the words. Chief Murray said no not on these federals. As a matter of fact was it you Selectman Massey a year or two ago said...Selectman Massey said we did 30 percent. To be honest with you, Chief Murray didn't know if he buttoned it up this year when he did the grant or not.

Selectman Maddox said if we have \$150,000, which is half, if we said 50 and we get the tanker, now we don't have to take the money out of the surplus, and now we get the tanker finally. He's just saying, Mr. Chairman, that's something we might want to look at.

Selectman Jasper said the problem is we can't really look at it right now. We need authorization to withdraw the money. While if this got approved, but he thinks we're out of sync on the timing. He doesn't think there's any way we could really do that except to go to another year. Chief Murray said you still have to gross appropriate anyway. Probably not on a grant because we have that ability to accept all grants [Selectman Jasper]. Selectman Massey said (inaudible) appropriate for the unit itself. Selectman Jasper said only for our portion. Chairman Coutu said whatever it comes out to 20 percent, 30 percent, 40 percent. That's all we have to appropriate.

[Selectman Massey] Point of order. Mr. Malizia stated that for an example a year from now you know there's a grant coming and you're going to appropriate money. He thinks it would be more appropriate to put the whole sum of money and explain that this much comes from a grant; this much is coming from the capital reserve fund. You're not prohibited from doing that. It's probably the better way to do it if you look at it from a big picture. All you're doing is just disclosing to the voters look we're going to get a grant. The problem we have is we don't know if we're getting a grant. How do we do that? He agreed it's a great idea. He's not sure how you'd pull it off. Unless they give you a year or something. If they say here's your grant and we'll give you a year, great, you can then do it.

Selectman Jasper said if we put this forward, it gets approved, and we get the grant, then we don't have to spend the whole thing. There's no way of playing that what if game with this. Chairman Coutu asked Selectman Jasper if he was all set. Selectman Jasper indicated he's not. While he's somewhat reticent to go for anything large this year, he thinks we ought it at least to the voters to put it forward. He believed this has always been tanker 1. This tanker 1 was the truck that was bought first. His mind gets a little fuzzy going back there. The reason that it was really bought, this replaced a 64 Ford. That was probably 1986 when it was in the process. It was only 22 years old. What actually happened was Selectman Jasper refused to drive it one day. He went to at the time Deputy Chief Weaver and said, "You know me I'm an old farm boy I'll drive anything. I'm not driving that truck any more." Selectman Massey asked if he was talking about the Ford. Selectman Jasper said he was talking about the Ford which was 22 years old. He said it was in much worse shape than the 1987 is, but it was weeping water. He said I'm not driving that. He didn't think it was safe. He was quite upset, called the State in; the State took a look at it, and took it off the road. So he's looking at saying that was 22 years. This one will be in its 23rd year by the time it's replaced. He thinks there comes a point when you just have to say it's a truck that's tired and hasn't really had anything done to it except pump work in 23 years. He thinks they should go forward with it.

Motion by Selectman Jasper, seconded by Selectman Massey, to move that Warrant Article J be moved forward to the Warrant.

Selectman Massey agreed with what Selectman Jasper said. He thinks we need to do it. But we can't lose sight of the following. That if for whatever reason we decide that we need to adjust the

budget downwards and we look at the capital reserve funds as one area as Selectman Maddox has rightly said we should look at, then we're not talking then about \$150,000 out of surplus because there's currently only \$129,000 in there. The way we were going to get the \$150,000 is there's \$50,000 in the line item 450 that brings that up to \$179,000, and we'd draw out 150 leaving in the capital reserve fund approximately \$30,000. So if we go forward with this on the warrant article at the end when we're adjusting the budgets if we do and we make a change to the capital reserve line item 450, we'd have to make a change to the language in the warrant article. He thinks if we could get our attorneys to figure it out, he believes it would be worthwhile to add into the language the ability to offset any of the surplus money by grant money unless it's automatically assumed.

Steve Malizia said they have the ability to accept grants at any point. You've been granted that ability by a 1994 town meeting vote. So in theory if you get grant, you may accept it and you could use it for this purpose. You just wouldn't be able to withdraw any more than you've asked to withdraw from this reserve fund. Selectman Massey said it wouldn't have to say to appropriate up to. Mr. Malizia said we would have the ability to accept a grant that comes in at any point in time. Selectman Massey thinks the voters should have the opportunity to say yes or no on this one depending on what their feelings are. He thinks 22 years for that particular piece of equipment – his recollection is for the last 6 years we've kind of been on borrowed time to begin with. Chief Murray said the pump is not meeting capacity. It's full capacity because of the age of it. So yes.

Selectman Nadeau stated that you brought up while you were talking about taking 2 trucks and replacing them with this one. What's the value of the other truck? What Chief Murray would propose to do if this goes through is trade them both in at the same time and see whatever we can get for the value for 2 of them. That might help too reduce the overall cost. In other words, if it comes about when we spec it, we will have them cost out a price for a trade in of 2 tankers and see if we can reduce the overall costs. Just as a follow up to that, Selectman Nadeau said if we know that we're going to trade these 2 in is there more value in the open market with these tankers than trade ins. Chief Murray said he's seen a farm or agricultural business pick them up and they use it for watering or spreading. They certainly wouldn't go back into fire service because of their age. It's a tank with a pump at that point.

Selectman Maddox asked the Chief when he did they grant, he thought that number was more like 260 the last time you came in. So are we buying the Cadillac here? Should we try to get the 260, put the whole \$179,000 and make this more attractive to the voters? You're talking \$300,000 for a tank and a pump. All Selectman Maddox is saying Mr. Chairman is he thinks this one is a little too rich for his ability to say yes. He thinks there are some options we can look at, go back to the 260, take the \$480,000 that would be in there, and then show the difference. He thinks this one is a little too rich for him.

Chairman Coutu asked Deputy Carter if he was involved in the writing of that grant. Deputy Carter said yes. Just for purposes of clarification, Chairman Coutu asked him based on what Selectman Maddox just said, what is the difference between what you proposed in the grant at 260 as to what is being proposed here at a significantly greater cost? Deputy Carter said that every year when they buy fire apparatus your costs go up an average of about 5 percent. This year NFPA standards have changed. With the changes in the standards, apparatus gets more expensive. So that was the number we wanted to put in to get the apparatus we need. It's a pretty simple piece of apparatus. It has 3,000 gallons of water. It has a fire pump – 1,500 gallons, a folding tank, and not much else. Just cabinet for equipment.

Chairman Coutu asked so what you're saying in support of this is that basically it's the same vehicle that you proposed at 260? Deputy Carter said yes. And the cost increase is \$25,000, which is a 10 percent increase [Chairman Coutu]. Selectman Massey indicated it was going from 260 to 295. Chief Murray said if you recall what we do with the ambulances, and again if you noted what we actually paid for the ambulance and what we project may be the cost, again, figuring the 5 percent as he said the emissions changed and stuff. We certainly expect that cost may come in lower, but we don't want to low ball ourselves so much that the price comes in

higher than what we got and then we can't do anything for it. It's a figure that we use as a starting point, but certainly typically what we see is it will come in lower than what you have. You have to also consider the trade-in value on the 2 vehicles. It is going to be lower, but our safety margin just to make sure we have that cost increase – the steel, and these emission things that come out now are really bump up the cost of diesel engines and trucks.

Selectman Jasper was just going to say that when you get in a point that is over a quarter of a million dollars, that there aren't a lot of people out there that are going to go you know if this was 270 I'd vote for it, but at 295 I won't even though it's all coming out of reserves. He agreed that they ought to go with a number on the high end, and you come up with a savings, and people are happy in the long term. He doesn't think at this range that the dollar amounts make a lot of difference to anybody because it's really hard to see 270, 295. It's not a difference that make or break. Its people no I don't want buy a tanker or yes I want to buy a tanker.

Historically and in light of the fact that we're in a default budget, Chairman Coutu asked what the likelihood that we'll realize \$145,000 of budget surplus. Mr. Malizia told him that he already have a \$5 million surplus so \$4 – 5 million it's already coming from the surplus you have. Whether you add to it is immaterial. You have \$4 – 5 million. Unless for some reason all of that evaporated tomorrow, which would be catechismic...Chairman Coutu knows that, but we're drawing down from it already. Mr. Malizia said you took \$600,000 for this current year and at this point you're budgeting 600 for next year. That still leaves you well over the 5 percent. He thought it was either 6 or 7 percent. He wasn't sure. But you're well over the 5 percent, which is recommended by the DRA as your minimum. Chairman Coutu said he knew that. He had that conversation with KC. Are there any other warrant articles that are going to ask us to draw down from surplus? Ms. Carpentier said not at this point. This is the only one [Chairman Coutu]? Correct [Kathy Carpentier]. Chairman Coutu said Selectman Jasper had expressed serious concern last year. We reiterated our concern again this year. He just wanted to know where they were going with the capital reserve.

Selectman Massey wondered if the maker of the motion would accept a friendly amendment. He's looking at warrant article I. It appears that there's been some research done that we can add a sentence to the warrant article that helps us in letting the voters understands that it does not impact the tax rate. He's referring to the last sentence. "There is no impact. The tax rate has zero dollars will come from general taxation." Mr. Malizia stated that these have not been bedded to legal because we don't do that. We don't spend the money until articles go forth. That has never been in any of our warrant articles. We can certainly ask, but he didn't think it's going to be allowed. That was just his opinion.

Selectman Massey said it would be worthwhile to at least try it. Mr. Malizia said we can certainly ask. Chairman Coutu agreed with Selectman Massey. It would be a shame that we could not because more often than not he's heard voters say I see a number I vote no. We need to clarify exactly what the impact is on the tax rate. There has got to be some language. Will you ask the attorney? Mr. Malizia said he'll ask the attorney. Again, he doesn't write the laws, but he'll ask the attorney. Selectman Jasper doesn't know the answer to that but, again, he thinks the way to overcome any of these problems is an insert in the local paper that has explanations as we've done in the past. Those have been very, very successful. That's what we ought to do. He's all in favor of asking the question. Even if the question is yes, he still thinks they need to do the insert. Chairman Coutu agreed.

Motion by Selectman Jasper, seconded by Selectman Massey, to move that Warrant Article J be moved forward to the Warrant.

Vote: Motion carried 3-2. Selectman Nadeau and Selectman Maddox in opposition.

The Board of Selectmen recessed at 8:52 p.m. to 9:05 p.m.

Assessing

Chairman Coutu recognized Jim Michaud. Good evening to the Board [Jim Michaud]. For those in cable land that may not know me, I am Jim Michaud the town's Assistant Assessor since 1995. The longest serving department head for the community at this point. The Board of Selectmen actually act in the capacity as the Board of Assessors for the Town of Hudson, the 9th largest community in the State population wise. They are the official statutory assessors for the community. The department is made up of 2 full time staff – myself and the town's new Assessment Technician Mike Pietraskiewicz who has recently replaced Ellen Brideau. There are 2 part-time positions. One is for a part-time Appraisal Technician George Leilasus who's been with the town since March of '07, and then the town's part-time Administrative Aide, Amy McMullen who's been with the town since August of 2003.

The assessing department does a number of tasks, but primarily we deliver an assessment role. Two billings a year, timely and accurately. Our assessment role is the foundation for funding the infrastructure that makes our municipality function. We don't teach future generations, we make possible the foundation that funds our public schools. We don't put out fires. We make possible the foundation that funds our fire department. We don't arrest law violators. We make possible the foundation that funds our police department.

In reviewing this year's proposed budget coming on the heels of a default budget, one can see that the department has sought to follow the Board's budgetary directive. Not counting the 100 series accounts, the current fiscal year's default budget amount is \$43,000 approximately. Looking at the proposed budget, again discounting the 100 series accounts, the department has a proposed amount of \$37,000. He does have under separate cover, which the Board has, some requests in terms of non-level funding notes. He felt that the Board would probably want to address the budget first.

Chairman Coutu referred everyone to page 4 of the assessing budget. When we look at the total requests, your total request is \$271,322, which is a little less than \$10,000 below the default budget from last year. In annual '09, your actual expenditures were \$294,000. When he looks at that, and we're going back 2 years as opposed to your request of 271, there's a difference of \$23,000 less. Are you sure and comfortable Sir that 271 will meet the needs of your department in light of that significant decrease over the past 2 years? If so, how would you account for being able to manage or operate your department significantly less over the past 2 year period?

Mr. Michaud said in FY09, if he's not mistaken, that encompassed a year that started July of '07 through June 30th of '08? Mr. Malizia said it would have been July 1st of '08 to June 30 of '09. That would have been fiscal year '09. The year before this. Mr. Michaud said they were dealing at that point with quite a few commercial industrial appeals, as we are now; he's trying to meet the Board's zero percent budget directives. He actually met it probably a little bit more than that. He wanted to isolate that item for defensive appraisal costs, for defensive assessment costs, and his non-level funding notes. He's asking for a substantial amount of defense in the non-level funding notes. If he put that in the regular budget, that would have blown the zero percent.

Chairman Coutu thought it was appropriate that we discuss it separately so that the viewers have a clear understanding of where you're coming from with regards to that request. He understands that. In terms of his budget request Gentlemen, 5410, his entire budget is \$10,000.00. If you want to take it line by line and you want to accept this and move on to his non-line item request, we can do that.

Selectman Massey said you really have to look at in context that his entire budget for running the department is actually \$282,321. That's because the IT portion of his budget is broken out into a separate account of \$10,999. That still is zero funded from this year. As Mr. Michaud has indicated, he's got a proposal that he wants to bring to the Board that's separate from this budget.

He thought it was appropriate that he did it that way because that's what we instructed the department heads to do.

Non-level funding, page 9

On page 9, Mr. Michaud indicated there's basically 2 items that he's looking for non-level funding on. One is Item 2 (b) and that is the \$58,000 that he's asking the Board to allocate for defense of commercial industrial tax appeals. This is a choice. The town can choose to settle. The town can choose to have a solid basis for settlement and sometimes a stronger hand gives you the ability to settle at a better rate than you would if you didn't have that solid defense. Even though we may be spending money on appraisals, we may not always go to court because the other side sees that you are serious about your intentions and they may be more amenable to a settlement that makes sense. Other times they just want to go to court, and there's just no way you're going to defend that.

Currently we have for tax years 2006, we still have appeals from 2006, 2007, and 2008. We have commercial industrial tax appeals filed at the court level – the Board of Tax and Land Appeals, representing 33 commercial industrial buildings representing almost 900,000 square feet of commercial industrial space with approximately a half a million dollars plus at risk. If we don't defend these, the court's going to go all the way to the other side. That's not logically. Somewhere in between 0 and 550 is what is going to happen. They're not just going to willy nilly withdraw usually the other side. He thinks some representation, some allocation for defending these are warranted. We've seen some success this year in what we've done by doing that. Hopefully we'll continue to have that success. There's a big difference between walking in with an assessment card and defending the assessment and walking in with a well thought out commercial industrial appraisal and someone who is recognized by the court system as an expert. Sometimes we involve the attorneys and sometimes we won't. That's going to be a decision for later on.

Chairman Coutu thinks that someone in support of the argument that you present in appropriating monies for a defense fund is that if the word was out that we're not prepared to defend the cases, they're all just going to sit tight and not want to settle and they'll wait and see what we're going to do knowing we don't have any money to defend it. He thinks it's a very strong argument to establish a fund for the purpose of defending. If in the process we weren't to defend the cases and we were going to lose at 100 percent, the overall impact would be, again, \$550,000. If you look at Item 2 (b), the \$58,000 request to set aside which would probably cover 4 to 6 properties assuming they were only 4 to 6 and we don't know what the values are and we were able to as a result of negotiated settlements able to save \$100 - \$150,000 it was well worth having the \$58,000 in reserve to do it. On the case of settlements, we won't be expending as much money and we could still have monies left over to proceed to the next 2 or 3 or whatever is left over. Your argument is logical. He understands it, and he thinks that it's a safeguard for the town to have this defense fund.

Selectman Jasper didn't quite understand if Jim was asking for in (b) \$58,000 more. Mr. Michaud indicated yes. [Selectman Jasper] Since you have \$15,000 there that would be 73. You spent in '09 \$61,000 and in '08 \$42,000. If we go back to '07 that was \$115,000, but the bulk of that was reassessment in that he assumed. This year \$32,000, which he knows is a result of default. Selectman Jasper wanted Mr. Michaud to tell him why \$50,000 or \$60,000 isn't as good a number based on history.

First, Mr. Michaud wanted to address the \$15,000 that is within the budget proposed. Eight thousand of that is for a public consultant to do value maintenance. So really there's about a little less than \$7,000 on top of the 58. So we're talking about \$65,000. We've settled a lot over the years that he's been here and we haven't fought as much. There's more dollars at risk now. There's more value at risk. We're having more success in fighting these cases. So looking at the past history, that's a past history that represents more settlements. It also represents years in which the market was fairly well up. So we didn't have as many appeals that went forward.

We're certainly not in that market now, and he didn't think we're going to be in that market for the 2009 abatement year or the future. He's looking at the cases that we have now.

[Jim Michaud] We have a significant public utility case, Energy North. They've appealed in well over 10 communities. We're one of them. A public utility case is dramatically more involved and yes more expensive than working a regular commercial industrial case. He believed in the Tenneco case, we're only \$1 million in assessed value. We spent \$10 – 15,000. That's how much you get out of a million dollars is about \$15,000. On the case of Energy North, we have a \$12 million assessment, and they're looking for \$5.7 million. Try and adjust the DRA's utility number of course which they can have good luck with that. How does he justify it? He's laid out the number of properties we have under appeal. Businesses are hungry. There was an article in The Wall Street Journal 2 weeks ago that businesses are obviously always looking to cut costs and certainly property tax is not a cost that's gone down for them nor for residential owners. They're fighting. He won't say people are coming out of the woodwork, but you always see appeals go up in down economies. This is like when he got here in '93, '94, '95. In '95 he was dealing with a fallout from the prior years. We did a lot of settling. Why? We didn't have money to fight them.

Possibly he'd have a different opinion, and this is not a criticism, if the Board's contingency fund was a little more elevated that it is. Then he could say he'd ask the Board for money. He did that this prior year and asked the Board for he thought \$25,000 and we used it successfully. How many times are you going to go to that well? It's only \$50,000 or so. He thinks the cases are there already to justify it. There's less approved. Then we'll probably have a little more settlements going on. If that number is approved, we'll have a little less settlements going on. He's not ordering an appraisal and an attorney for every one of these cases, but he's trying to measure on a \$1 million property he's not going to order an appraisal. On \$4, 5, and 7 million properties and certainly Energy North he thinks it makes sense. He doesn't know if he convinced the Board.

As you've said, Selectman Jasper stated that we have gone to the contingency. So he's trying to strike a balance here. If the Board puts less than what you're requesting, he hoped he didn't take that as automatically go off and settle. That's certainly not his intent. We don't want to end up in another default budget. The higher we go in our total budget, the more likely are we're going to be in a default budget and then we all end up with a lot less. That's the balance we have to strike.

Motion by Selectman Jasper, seconded by Selectman Massey, to increase line 410252 - Professional Services, from \$45,000 to \$60,311.

Selectman Jasper said that this is close to the '09 actual. So there's still \$1,700 left. Less than what was in there. He certainly hopes that some of the cases that are ongoing may be settled before the end of this fiscal year but understanding that others will crop up. This is a reasonable number and if it goes over, we'll have to deal with it from other accounts.

Selectman Massey stated that this is one of those where there is no right answer he didn't think. We are increasing the budget by doing this. On the other hand, there was an article in The Wall Street Journal 2 or 3 months back. There is a company in the United States that has a department, and he didn't know how many individuals are in that department, but their only job in life is to go in every municipality in this country where they have a presence and to automatically challenge their assessment. Even if they're only lucky 10 percent out of the time, they're coming out way ahead because of the number of properties they have nationwide. We also know that there are companies who specialize in going around targeting towns hoping that they can make a strike by asking companies to let them do their abatement for them. So if we have no money in this account, we're open season in his mind. He had thought about the \$50,000 being the right number, but on balance we're really taking about \$13,000 potentially having to come out of our contingency fund next year or to look at other areas during the year where for lots of reasons we know we sometimes have money. He thought we had to have a credible amount in this account so that we do let companies know or individuals.

[Selectman Massey] We're going to see, he thinks, this year lots of people whose market value is starting to go significantly higher than the 100 percent valuation threshold for when we can successfully challenge abatements. When somebody says they can sell it for \$320,000 and you're assessing me at \$380,000, all of a sudden you've got a lot of people saying wait a minute you're charging me too much. Again, he thinks on balance we need to have some money in this account to provide the town with the ability to defend. We have to look at the track record of Mr. Michaud as our Assistant Town Assessor. He's had a tremendously successful rate. It's because he walks into the courtroom with data that is substantiated by the amount of information he's providing and provides a good solid legal defense for the town in front of the taxation board. It reluctantly and we may have to look at other areas to cut the budget in order to get to our numbers and he's afraid we are going to have to look at other numbers, but this one where he believes we need to give the town a defense.

Chairman Coutu said you may look and act like a lamb, but he's a tiger in the courtroom. Selectman Massey said all you have to do is look at the success rate we've had this year to understand how great the work that Mr. Michaud does for the town. Chairman Coutu agreed. He thought the money is well invested. It would change his total budget to \$316,322.

Vote: Motion carried 5-0.

Mr. Michaud indicated that also on the same page, and he did this last year and the prior year, he has a proposal for the Board to do a property value update for 2010 property tax year. We last went through our property value update in 2007. You can call it a revaluation. You can call it property value update. We change values across the whole town. We're creeping up to 110 percent, 111 percent assessment ratio for 2009. That's not a firm ratio. That's an estimate from our office. We actually get the ratio from the Department of Revenue early next year. Doing nothing for next year, he can't crystal ball, but he didn't think the market is getting terribly better. We could be heading a ratio of 112, 114, 116. First of all any time you're above 100 percent, people feel it's illegal. They're paying more money than they should. The relationship is the same as being 110 as it is being at 90. As long as it is equitable, then it's fair. It's fairly assessed and it actually has a fair tax bill because we only raise the amount of money that the voters approve. The value is over here; the budget is over here.

The reason why he's asking for this for 2010 is 2 things: for creditability purposes of the tax bills, for credibility of the property assessments, and abatement overlay. His concern is that the further away you get from market value and certainly with the further away you get when you're above 100 percent, the greater likelihood that the market is changing in a distorted fashion. Some strata property is decreasing in property at a faster rate than other strata. If you had a commercial industrial property for April of this year and you were trying to get credit, which goes directly to your capitalization rate, it might have been a fairly risky venture. You probably had to pay quite a bit of money in order to get credit. You would not get the best terms. The commercial markets have been in relative disarray. So the proposal to do an update for next year is to bring us back down to full market value. Down to approximately 100 percent of value.

Can we wait by law? Yes, we can wait by law. We lasted it in '07. We're slated once every 5 years, and our next assessment review is 2012. We could do it in 2012. He's just laying out for those 2 reasons. Credibility of the assessments and what he would feel would be increased exposure in the abatement overlay account. There are communities that go once every 5 years. There's communities that do it every year. There's communities that do it somewhere in between. Doing it in 2010 doesn't mean we won't have to do it again in 2012. It depends upon how much the market changes from 2010 to 2012. So Mr. Michaud can't promise them that 2 years from 2010 he wouldn't be asking to do something similar again. He can't anticipate what the market is going to do. We would meet the statutory obligation of once every 5 years if we did it in 2010 and they came to the town in 2012 and said have you done anything. We have. But we also have to meet their ratio standards for a year of assessment review, which is 90 to 110 and with a COD of less than 20. The coefficient dispersion is not the problem. It's the assessment ration that's been

the problem. He believed he had on the bottom that he's asking for \$50,000. His math is incorrect. It's approximately \$54,250 if you add up postage and items a, c, and d. Could you cross out the item d \$8,000 for publishing a reassessment insert in the local news publication? You could do that. Could we eliminate postage from that? That's a little dicey. He thought you want to let people know their values. The other 2, in his opinion, are you have to do them. You have to reassess all property commercial, industrial, public utility, and residential on an equal fair basis according to the current assessing standards.

Selectman Massey asked Mr. Michaud if there was any reason why from a practical perspective if this were to go forward in lieu of the publishing and insert in a newspaper to put the disk file up on our website. We could also put a disk in the library so that if somebody wanted to go there and they didn't have the internet access, etc. Most people when they get that insert they look at 2 or 3 properties to see how they did compare to the neighbor and then the rest of the 6,000 properties get done. So he's just thinking that if we were to do this, we could provide the same information by just posting it on line and making it available at the library. Mr. Michaud said yes, absolutely. In 2007 we posted not just the number but we posted everything about that new reassessment on our current on-line data base so somebody could see their sketch, and the land value, and the building value, and the neighbors, etc. We could put that up there. We could also put up a downloadable PDF that lists everybody's property value in 3 different indices. We could break it out by land and building in total. We can identify current use property versus non current use property. How many people are on line? Sure a lot of people. Are there people that are not on line? Yes. That was (a) his concern and why he was looking for the \$8,000. The other one is that we have historically done this. Does that mean we always have to historically do it? No. It's just something that people have come to expect. It's not required by law, and we can certainly use today's technologies to effectuate that savings.

Selectman Maddox said that just looking at this as maybe the people at home are saying you're going spend \$50,000 to tell me my house is worth \$50,000 less but my tax bill is the same. He didn't get. It's due in 2012. Yes will we be exposed some, yes. 2010 he didn't believe is the year to do the assessment. You're going to be at the rock bottom. We're going to have to do it again in 2012. The market is going to change hopefully that much. There's just no benefit in his mind to the taxpayer. Their assessment goes down, but their bill will be the same. Chairman Coutu said to Selectman Maddox if there were a motion forthcoming to appropriate the \$54,250 he, too, would not support it. As you said, it doesn't make sense. The value of property might go down, but we still need to raise the funds to operate the municipality and in effect we're going to raise the tax rate. We're going to get criticized for doing that. He would not support the appropriation of \$50,000. He'd rather wait until 2012 himself.

Selectman Jasper too is not in favor. The only way he really would be in favor is if you can make the case that the changes in the market are extremely disproportionate between classes of property. If that is the case, then we do have a problem. If everybody is going down 20 percent in every class of property, then you're absolutely right. Some are going down 20 percent, some are going down 10, and some are going down 5 then there's a lot more basis for appeal. While the gross amount we raise will be the same, it would be distributed differently. If you can make that case. Mr. Michaud honestly doesn't have that sense that the strata are that. Selectman Jasper said he thought it was important that you brought this forward to us but in this case at this time he would agree that we should wait until 2012.

Selectman Massey indicated that this again is one of those really tough cases because he agrees with Selectman Maddox. No matter how much you change somebody's property valuation, their tax bill won't change. So it's hard to explain to somebody that you change their value from 375 to 225 and yet they're paying the same tax. The risk, however, is real. The risk is that and particularly in the case of the commercial, we've got vacancies all over town. He saw something the other day for a building. It wasn't in this town, but they were offering free rent in order to get the building occupied. The more we get away from the 90 to 110 spread – and for those who are listening what we're really talking about is if your house is within 10 percent of 100 percent either plus or minus, then from valuation purposes, you're within the envelope of a reasonable

assessment. If we go beyond the 100 percent, which means your valuation is greater than the value on the market for the property, then the commercial groups are going to be coming forward seeking abatements. So the risk is we don't put the money in to do this, the \$45,000 that we just put in for defending our valuations could be significantly increased. He's really torn on this because he recognizes the whole value of our property and tax rate for this year and how much we're looking at it. He would like to at least come back and look at this if the Board is not going to support it before the end of the thing.

Because make no mistake about it, Mr. Michaud and the other people in that department are constantly being barraged today by people coming in and screaming about – I just tried to put my house on the market and I'm not able to sell it for nearly what you're valuing for me. So he's having to then go through this whole thing what Selectman Maddox is talking about. But Sir if I change it, your bill isn't going to change. It is going to be an aggravation for the town to deal with. He leaves it to the other folks. He sees at least 3 votes not to do it. He's extremely torn on this one. We'll have to come back and do it at the end of the budget cycle.

For further clarification Mr. Michaud, Chairman Coutu went back to his original request on the non level request for the \$50,000 of which Selectman Jasper made a motion and the Board passed to appropriate \$45,000. That is to defend the cases that are 2 years in arrears that are in the appeals process now. Is he correct? Mr. Michaud said yes – '06, '07, and '08. Chairman Coutu said that those monies that he's requested for the defense is not going to affect any cases that have been brought before you for adjudication for '09 or anything that's going to come in '10. These are for the previous 3 years. Mr. Michaud said the only time it's conceivable in an '09 appeal will hit us at a court level is if it's before the end of the fiscal year that we're debating today is if it goes through Superior Court. Superior Court tends to schedule them a little bit faster. Then attorneys also tend to get continuances all the time, such as we got hit with today with Demoulas. You're correct. The cases that are filed for '09 we probably won't be hitting the costs on defending those. Those that we can't settle or they don't withdraw probably won't hit us until this time next year when he's sitting in front of the Board. Chairman Coutu knows Jim would like the money, but in fairness based on the argument and that was one of the arguments that Selectman Massey presented. That defense fund does not affect not having a full evaluation next year. If there's going to be appeals in that, we can worry about that in the next budget if we feel the values have decreased or increased significantly, we can revisit the defense fund next year for those appeals if there are any that come in in significant numbers.

Mr. Michaud said we can but he thinks what he's understanding about Selectman Massey's point is that by spending the money on an update today or funding for that update for next year means he possibly wouldn't be coming back in front of the Board with a \$45,000 request to defend cases. Chairman Coutu said it depends what's going to happen in the market and we can't predict that.

Mr. Michaud had one more thing if this isn't going to work. We do have a small amount in a capital reserve fund. Mr. Malizia stated – future property re-evaluations. It has \$5,000 in it. It was started in 2008 by the voters, and it can be expended by the BOS. Conceivable Mr. Michaud said if we wanted to bill towards 2012 if this isn't going to work for 2010, it's really not going to make much sense for us to do anything in 2011. So it's either do it 2010 – you might as well just wait and deal with the pain. Chairman Coutu said right because we're going to have to do it 2 consecutive years otherwise. Mr. Michaud said conceivably he could get away with it, but he doesn't want to be misaligned in the assessment review year from our re-evaluation year. It's a little bit confusing, but he doesn't want to be misaligned. Chairman Coutu said that's what Mr. Michaud said initially so he supports his theory or logic in wanting to do it that way.

Chairman Coutu asked Mr. Michaud where he was going with...Mr. Michaud said where he was going is as the Board moves along through the budgets we only have \$5,000 in that reserve fund. The Board could take some action to possibly take end of year surplus to help fund that capital reserve. He heard that idea tonight on another budget. He would just ask for the Board to consider that. He can work up a proposal for the Board. He should have been prepared for this,

but he didn't prepare for this. Chairman Coutu would suggest in his personal opinion and we could do it by consensus is that you prepare a document for us. Selectman Jasper disagreed. He does only because it's a capital reserve fund and a capital reserve fund – the year end surplus would take another warrant article which is sort of self defeating of what we've done. We fund capital reserve accounts through the budget. What Jim is suggesting is that we take money from the year end unexpended balance and put it in. That takes a warrant article. Mr. Malizia asked why. Selectman Jasper said we don't have the ability to take money of our own volition from the unencumbered...Selectman Maddox said it's not budgeted. Selectman Jasper said no. It takes a warrant article to touch the unencumbered. Mr. Malizia said he didn't know why you couldn't budget it is what he's saying.

Selectman Jasper asked how do you do that...Selectman Massey said you put the money in the budget item and you put an offset in revenue from the general fund. Chairman Coutu said we have an authority from the voters to...Selectman Jasper indicated you can do it in the same way he suppose that you're doing...Selectman Maddox said it's a warrant article. What Selectman Jasper is saying you could do it in the same way that you're offsetting the tax rate. But that's from surplus. He's suggesting if there's money left over at the end of the budget you can't do it any other way than a warrant article. Thank you very much. Mr. Malizia thought we just meant surplus in general. Selectman Jasper stated no. Mr. Malizia said my mistake. Selectman Jasper stated you can do it in surplus with a line item, but that's not what he's suggesting. There's no need to work anything up. If you want to put a line in the budget and take it from surplus, that's funding it definitively. He's not really in favor of doing that to fund a capital...Chairman Coutu said they would be setting a bad precedent. We will get all kinds of requests for that. Selectman Jasper thinks so. Selectman Maddox said he thinks we're going to have way too much money left over at the end of the year.

Selectman Jasper said at this point the only way that he would support it at the end of the budget cycle to do a reveal. would be through a warrant article and let the voters decide. If you wanted to spend another \$50,000 you could do it as a warrant article. Selectman Massey said actually we could do it for \$46,250, but that's \$50,000. Selectman Jasper personally likes the little booklets because he can look back to 1950 something and see what the property values were. Selectman Massey said we're in the modern age you buy a CD.

Selectman Maddox said maybe if they don't spend all of the \$60,000 in defending then we keep that in the back of our mind – he's sure Mr. Michaud has just written it down that we take some of that money and put it into that capital reserve. Chairman Coutu said he's welcome to come back before us. Selectman Maddox is saying if he doesn't spend all \$60,000...Selectman Jasper said we can't do that except through the budgetary process. Selectman Massey said we could if we put \$1 in the capital reserve fund. Mr. Malizia said yes if you put \$1 in the reserve and then he had money left, you theoretically the Board could move amongst lines. Selectman Maddox said if he doesn't spend it all, there's an incentive to keep that cost down.

Motion by Selectman Massey, seconded by Selectman Jasper, in line item 5410 450 by increasing it from zero dollars to \$1.00, carried 4-1. Selectman Nadeau in opposition.

Mr. Michaud thanked the Board for the presentation. He did try to get an opinion from the proper revenue town's attorney on use of abatement overlay that we could possibly use overlay to help fight some of these cases. You could possibly use overlay and Selectman Jasper is correct. It was a nice try.

Selectman Massey said this is the one department where it is an incredibly important aspect for the town. It's also the one that's least appreciated by the voters. He'd have to tell them that we've spent how many years getting the additional part-time person into that department because nobody wants to spend money to find out that their house is worth more or less. He would have to tell them that in the years that he's been on the Board, Mr. Michaud and his group has done a tremendous job working for the town on their behalf. You can see it, as he said earlier, in the

success rate we have when we go to the tax court to defend. Good job. Mr. Michaud said thank you. Chairman Coutu thanked Jim. We appreciate it.

Town Clerk/Tax Collector

Chairman Coutu welcomed Patti Barry. What is your assessment of your overall budget request in comparison to where you were? Apparently you're asking for less than a 1 percent increase in your.

Patti Barry said yes. We were able to meet the requested zero percent increase. She does have a few changes on the line items that she wanted to highlight. Of particular note is a decrease in the postage account. Last year we were directed to separate out our IT items. So she moved the decrease from the postage account. Most of that went over to the IT account. Mr. Malizia indicated it was on page 28 for the IT if you're looking for that section. Ms. Barry said she identified she needed to replace 2 of the motor vehicle printers next year. So we needed to move some money over there to cover that. Also, Lisa and she have been working on bring a program forward for credit cards that our residents have been asking for quite a while now. She went in and budgeted the \$1,200, which would be the cost of maintaining that monthly service fee for that program. Chairman Coutu asked if the \$1,200 was the software, is that what you're talking about.

Lisa Nute stated that the amount budgeted here is a recurring cost paid to a third party to do the transactions. She's going to take an opportunity here to talk about it a little bit. We thought that this was a good time to discuss it. Since she came on board a couple of years ago as IT Director this was always on a forefront as a possibility and something to look into, and we have looked into it for the past 2 years. Because there have been changes to our existing software where they offer a module now, Patti and she believes that this is the time to discuss it and do it possibly. There is a \$2,000 up front cost for the software itself. We have an additional licensing cost per user. Five licenses is \$500 some dollars. Then there's this recurring piece for the transactions. So what this does, and the beauty of this now, is that it totally interfaces with what we are currently are doing. So if somebody comes in to pay a motor vehicle registration or whatever, the Town Clerk brings up that screen that they currently already do. It's tied in now. It's this point of sale module that worked right with their cash receipting. They see the bill and now there's a drop down. They have a choice. They can pay by credit card. They can not. It's all being done totally in house without extra clerical work like other software that we looked at in the past 2 years would have done. Because there's that up front \$2,000 one-time cost for the software, she did ask Sewer Utility if they would be willing to look at this as well. They are interested in offering their customers another option to pay their bills. She wants to make clear that this does not mean that from their living room they can go on line and do that. This is certainly a stepping stone to do that. You need this piece first, and then we can look at that down the road because there is some additional licensing that would come from that. This gives a person the capability to call from their living room without having to come to town hall and give anyone of the staff here their credit card number and say they'd like to pay this bill. Or certainly they come in house and at the counter they present their credit card.

Ms. Nute agreed with Patti that there is definitely a need there. There are definitely customers who are – she sees it down here at the water window too constantly pulling out their credit card and then being told that we don't take that. Certainly the Town Clerk sees that more than any other department. But Sewer Utility also sees that and would be willing to front the \$2,000 software cost to begin and share their licensing costs as well. They met and talked favorably of taking on a reoccurring licensing fee, and then we could have other – she would hate to have some departments do it and not have water or everybody else. After this \$2,000 startup and then Patti's recurring transaction cost, which is \$99 a month. The only thing is that recurring licensing, which again is \$500 for 5 users. If we add more users, because there are 5 clerks and a sewer, there's the first 5. So water would need to pay an additional couple hundred she thinks recurring. She didn't actually look into – there may be chunks of licenses 5 at a time that we would have to look at.

This would get us started with Sewer Utility's assistance, and we're budgeting the recurring costs that we would have.

Chairman Coutu asked where in the budget – you're saying you're going to absorb the \$2,000 cost. Ms. Nute said no. Sewer Utility is willing to pay that within this fiscal year. Chairman Coutu said they're willing to pay for it and that's why it refers in your budget. Ms. Barry said correct. Ms. Nute said we wouldn't have that in FY11. Chairman Coutu said assuming that we undertake that software, which affords us the ability to accept payments via credit card, have you studied the overall impact of the credit card fee which would be anywhere from 2.2 to 4.4 percent how that's going to affect our income on the revenue side. Ms. Barry said they have not gone into all of that yet. This program is 3.25 percent fee that they would be charging. Selectman Massey's understanding, and correct me Ms. Barry, if somebody chooses to use a credit card, they would pay that factor piece. Ms. Barry said correct. Selectman Massey said if the bill was \$100 and it's a 3.25 they'd be paying \$103.25. Ms. Barry said correct. [Selectman Massey] We would not absorb the factor fee, which is the interest rate that we pay. It would be the person using their credit card. Ms. Barry said our fees would be that \$99 a month and the licensing fee for the module to allow that. The reason Chairman Coutu had asked and she said they hadn't studied it, so he assumed that we were going to absorb that.

Selectman Jasper said no. Last year when he asked her to look at this, this was the obstacle is that credit cards – if you use your credit card, the merchant is taking a percentage off. The credit card companies do not allow you to add an additional fee to make that up. So what has changed so that now we would be made whole? Ms. Barry indicated that Visa is the only credit card that prohibits you to charge at the counter. The other credit cards do allow it. Selectman Jasper asked if they allowed you to add the additional fee on. Ms. Barry said yes. Ms. Nute stated that this software does that automatically. So there isn't additional work for clerk within town hall to have to go separate that out. That's what is nice about it all being interfaced together. It keeps that separate.

Selectman Jasper asked if this is allowed for property taxes as well. Ms. Barry said it can accommodate everything that we offer. It's just how much we want to start out with. Newmarket is scheduled to go live with us next week. We have been invited up there to check out how this whole process works. They're using the same software company. Chairman Coutu asked if she was absolutely sure that Visa is the only one. He's told that they cannot, all credit cards and he takes every one of them, we cannot have a cash discount price and another price for credit cards. That's all of them. They're going to allow the Town of Hudson to do it? That's what Ms. Barry has been led to believe through the programs that we have been going through. We're still doing research on that. That's why she hasn't brought it to the Board as of yet, but we are trying to get this into the budget for next year. Ms. Nute said there are still some items that we have to get the definite figures for. Chairman Coutu trusts they're obviously going to take into consideration. We want to protect any costs that we have to absorb. He's concerned about the revenue end. For the Town of Hudson, the automobile registrations are significant and of course the taxes considerably more. That's what we operate our town on. If we start taking 2 to 4 percent, 50 percent pay by credit card, and we're going to lose 2 to 5 percent of it up front we're in trouble. Ms. Nute's understanding without being able to see this live yet, because nobody in New Hampshire has that yet, her understanding is how this works is we need to probably tell them you can pay anything by credit cards, including your taxes, but there will be a 3.25 percent tacked on. Not by us though. Our bill is this. This is our bill. They will see in the credit card, that third party that's doing the transaction, and they have tacked on that service charge.

Selectman Jasper said if they've done this Mr. Chairman, he thinks what you'll find is this is probably only for municipalities. That's why you as a retailer and we couldn't. This has been a discussion on the State level and everything else in how to get around it. It was the credit card companies that just didn't allow it. So apparently one company has. So this is going to be the other thing. He knows the Secretary of State has something similar in place now and he can pay his corporate registration on line now, but he does pay an additional handling charge. But that's a set fee. He knows that that's a \$100 filing. So it's just \$3 more or something to that nature. So he

is using a similar thing now. He thinks it would be a great thing. People are going to be frustrated when they come in and they have a Master Card. Sorry you can only use Visa. Ms. Barry said it's the other way. So they're coming with the American Express and all of that it's going to be a problem. It's better than nothing.

Selectman Massey thinks that this is one of those areas where it's good. It does have the drawback for some people that they wouldn't want to do it. He thinks before we physically implement it, he would think we would need something from the State that says we're authorized to do this and that we would suspend it if the credit card company says you can't do that any more for whatever reason. We could not afford to accept the discount. Otherwise we'd have to do a whole new different kind of revenue projection and 3 percent of \$2 million is \$60,000. That's not small change. He thinks it's worth looking in to, and he thinks it's worth being able to implement if we can have the assurances from the State that it's okay and that the bank says its okay. There's a company in town that if you have a Master Card, a Discover Card, an American Express Card – if you have every card but a Visa Card, you can charge your purchases. If you have a Visa Card, you're out of luck. There will be people in town who will have that same problem.

Selectman Jasper said you're not going to get a letter from the State saying its okay. There's a State law that authorizes credit card transactions. The whole problem was the deal with the credit card company. The law is in place. Selectman Maddox said this is short, short money. We should be talking about this at another time. Selectman Jasper said we should just put the money in the budget. Mr. Malizia said the money is there already. The other point Mr. Malizia wanted to make is he believed the Board of Selectmen have to enable this. So you have to vote to do this. So when it comes to you, then you'd have additional time to debate it. It's not something that we do by fiat or just do. You have the authority and the responsibility to vote on it.

Chairman Coutu indicated that Ms. Barry's budget request is in keeping with our mandate to the department. Do you want to discuss this any further? The selectmen indicated no.

(5100)

Mr. Malizia said this has the Board of Selectmen, the town hall operations, i.e. the building, the Hudson Community Center, the Town Poor account, and IT for town administration. For the purpose again with clarification, Chairman Coutu said the increase in the Admin. total budget is as a result of the transfer of the Assistant Town Administrator into the Admin. budget as opposed to being in the Community Development budget. Mr. Malizia indicated that is correct. Last year we attempted to do that. Because we had the default budget, it reverted to the Community Development Department. Chairman Coutu said that is the change and that's why it increased. We took on one administrative person in our budget. Mr. Malizia said we moved a person from the Community Development to this. So there was a decrease in Community Development and an increase to this. The net increase is actually lower. The whole amount was covered because we had a new Executive Assistant and some insurance changes that were actually lower for this department. The new is actually lower. That's why that's different.

[Steve Malizia] Other than that, he believed he kept all the other line items level funded, including the Town Poor account. Chairman Coutu noticed that. He's looking at that one right now. How is she doing with this year's requests so far? Mr. Malizia said so far he didn't see anything that would trend that indicates we were going to overrun it when we looked at the categories. He thinks he included the categories in here on page 12. If you go the backup page 14, you can see that through September 28th we spent about \$34k. Just to give you an idea. Again, it's not always linear, but it gives an indication that it's not running at a greater than anticipated rate. This also is good data just so you know what the categories are and assistance are. Again, we are required to provide assistance to folks that are town residents. He believed we have an excellent person doing it in that he thinks she's very skilled at this point. She had additional training. We have guidelines that the Board's adopted. He thinks we're fair, but we are also very careful. Chairman Coutu said he knows she makes sure they meet the criteria. Mr. Malizia does not have any other

major initiatives in these departments. It's the basic things we're already doing. We do town meetings. We do 800 or some number of town reports. We maintain this building. He doesn't have any major updates for this building. It's just sort of kind of hold the fort. He has some money in when furnaces and/or things go. We had a unit go on the other side. We were without heat and air conditioning for a month or two. That's back on line. That's the kind of budget we try to cover.

Selectman Massey compliments our custodian, Mr. Madeiros. He didn't know if any of you have seen some of the rooms in the building that are being painted. They look very nice. It's starting to be bright and cheery in some of the rooms. Chairman Coutu said including the Selectmen's chamber, which has been bright and cheery for quite some time. Since he's been there.

(5200) – Legal

Chairman Coutu said if you'll notice there's no change from...Mr. Malizia said there's 2 components of this just to bring it up. Page 1 of the 5200. There's 2 components of legal. One is the actual legal where we use Hage Hodes, which is Attorney Buckley, Lefebvre, Attorney Hodes. The other piece is for collective bargaining and/or grievances and/or other labor issues. Just to let you know that there is more than one component in there. At this point, that's level funded to what it is this year. If need be, you could use some of this money for defensive values if we have some, if we have enough. It's a possibility. He wouldn't use it all for that because we do seem to spend our legal budget.

Selectman Maddox thinks this is a line item they need to take a look at. Number one, the Planning Board is not meeting anywhere near as much and having as many issues. There's less building going on. We're not utilizing the LGC and its legal answering ability. We didn't use all of our minutes, our time he believed last month on the bill. He thinks we can reduce this number down and be a little bit more cautious with the requests for a legal opinion rather than calling Hodes, Buckley – all the boys. Ask the LGC, which has that service built into our fee. He's just saying we could take 10 percent of that or \$15,000 out of there and he didn't think it would impact our ability to serve the town especially where, again, a lot of this is land use drive. We're not seeing a lot of land use issues at this point and he didn't picture it over the next year. Chairman Coutu said to Selectman Maddox that he's obviously more familiar with LGC than he is. The legal service that they provide is it strictly at the planning level or town wide? Selectman Maddox said it's anything. You can call them up and ask them – you're not going to get the personalized rapid response that we get from the boys. All he's saying Mr. Chairman is if we direct the planner to direct more of that to the LGC, all he's saying is here's an area where he think we can utilize the service that we're paying for already at the LGC, having a list of things ready to ask them if we don't use up all of our hours on our monthly allocation that we're ready to put in and we don't let that drop out.

Motion by Selectman Maddox, seconded by Selectman Massey, to reduce 5200 218 legal from \$150,000 to \$135,000, a reduction of \$15,000.

Selectman Nadeau asked if he was thinking more. Chairman Coutu said yes. Only because he's looking at its history. If historically we have spent from a low of 110 in the past 3 years of actuals to 122 and all of these years we didn't use the additional legal services that's available to us, and he can see that something that doesn't need an answer tomorrow morning, he would suggest that we go even further, but there is a motion.

Selectman Maddox suggested that if he's thinking that if we need to use some of that for the assessing defense, then it's still there. He just thought this was a pure cut out of that line item.

Selectman Jasper was going to go for a little bit more, but fine. There's some rational to leaving money in there if we need to transfer it elsewhere. He does agree with you Mr. Chairman.

There's probably more than we need based on historical. Chairman Coutu was hoping to go \$30,000. Selectman Jasper said that may be a little high. Selectman Nadeau was looking for 20.

Motion by Selectman Jasper, seconded by Selectman Massey, to amend the Motion reduce 5200 218 legal by \$20,000 from \$150,000 to \$130,000, a reduction of \$20,000.

Mr. Malizia wanted to point out a couple of things. There were a couple of things said. We do manage this pretty conservatively. That is the trend. There's no question about it. In the last 6 years we've used this firm, he thinks, for 2 months – last month and one other month. In the past month we haven't used that retainer. So it's not a regular basis that we don't use the retainer fee. The other thing he wanted to point out is their fees go up; their rate goes up because there's a built-in escalator. When he says escalator, they get a cost of living increase. He just wanted to point it out. He doesn't think we're going to double this bill, but there is a cost of living increase. So what he pays \$1 for today, he's going to pay \$1.03 for tomorrow. He's just making the points because he just thought they were important to state. Again, it's a pure estimate.

Vote: Motion carried 5-0.

(5900) - Insurance

Mr. Malizia said the insurance we're referring to here has the property liability insurance and the workers' comp. insurance. Chairman Coutu said it will be the same as what we've had in the default budget. Mr. Malizia said the monies have moved from one category to the other because we've had a very favorable worker's comp. experience. We anticipate or expect to pay a little bit less there. Like everything else, liability insurance is going up. We were able to balance the two to get no increase for this department. These are insurances that we get through the LGC and the Primex.

(5930) – Patriotic Purposes, page 6

Just a quick note. Mr. Malizia indicated that you'll be 5920 on Saturday. He has a hand out. That's community grants. There are 4 new requests this year. In other words, 4 agencies have never been in. He'll pass out a hand out for you to do with what you'd like, but they'll be in on Saturday. That's why we're skipping that tab.

Mr. Malizia said you can see the breakdown on page 6. We support and give funds towards the Memorial Day observance. The Legion does, to the Old Home Days, and a modest amount for the Old Home Days fire works. That's where this money is. Chairman Coutu asked if there was any problem with that. There's no increase.

(5940) – Other Expenses, page 7

Page 7 with the breakdown or the backup on page 8. Mr. Malizia said these are expenses that are aggregated just in general across the town. You'll see for example initially we have the \$50,000 contingency. There is no request for gas and diesel contingency. It seems to have stabilized somewhat. We didn't spend it in the last year. We didn't put it in this year. Chairman Coutu said that is the \$70,000. Mr. Malizia said that is gone. You will look down to where it says other expense, capital reserve. That is to put funding towards the employee's earned time trust fund, capital reserve fund. Our employees there's a liability out there for their earned time. When they leave they get paid out. For example when our Police Chief left, there was a rather substantial payout. We were able to absorb that through the police department this year. It's not always guaranteed, so this fund was set up probably 15 years ago maybe at a town meeting. We're always looking to put something in here. If when you get to that point of the budget and you're looking to debate this, this may be an area that you want to put a more modest sum in. Again, it's for when folks retire; leave the employ of the town. It also could be used for payouts during the year. We've been doing that through the departments. In other words, when folks are able to cash

out some of their earned time, we haven't been drawing out of this fund. We're trying to build it up. He thinks it has a couple of hundred – it has \$232,000. That's probably about 20 percent of our liability. Chairman Coutu said our liability is about \$1 million. That's correct [Steve Malizia]. Again, its one of those areas that maybe you clip 25 or do something else. That's what that represents. So these are the other expenses.

With regards to 594208, Chairman Coutu asked where the savings in the fault. He hears about all these changes that we're making to save money and we're not saving any money. Where do we come up with \$60,000? Mr. Malizia is coming up with that because that's the budget. That's what he did this year. You're certainly welcome to change it. He didn't do any deep analysis on that. Chairman Coutu thought there was some analysis. Mr. Malizia said no not anything deep.

Selectman Jasper said since the actuals for 2009 were 446, we should look at that and see if there's a potential for \$10 – 15,000 savings there. Chairman Coutu would rather air on the side of caution. He could support 10. Fifteen is cutting it close. Selectman Jasper is saying let's take a look at it. He's not suggesting they do anything tonight. Chairman Coutu would like them to look at that one. Selectman Maddox said the same with the postage. What are we doing? Ms. Carpentier said the postage is the line item right above it. It's the equipment rental. It's for the postage machine upstairs. We do charge the departments for their postage. But it's for the rental of the machine. It's really in 221. Chairman Coutu indicated we have an action item on that and as we said, all capital reserve funds will be up for debate if need be at a later date.

Selectman Massey said when this capital reserve fund was created; it was created back in the middle 80s he believed. Mr. Malizia indicated June of 1994. Selectman Massey said that the objective at that time was over the years to build it up to 50 percent of the unfunded liability. To the extent we don't put money in here, our unfunded liability is increased. Right now we've been teetering around 20 percent for the last...Mr. Malizia indicated it's been as low as 15 and it's been as high as 25. [Selectman Massey] didn't think it's ever gotten above 25 percent. The goal has never even come close to being – that's putting he thought 75, 50 has been he thought originally and then it was increased to 75. He would just caution you that this is one of those things where accountants go crazy on unfunded mandates sitting on your books. Mr. Malizia said it's actually unfunded liabilities. Selectman Massey stated that's why for instance your frequent flyer mileage gets deleted quite rapidly. Just a cautionary tale.

Selectman Jasper said this might be one of those things where it would be not an awful use of surplus to put money from surplus into here to increase the fund balance instead of taking it directly out of taxation. He would still suggest we put some from taxation, but if you wanted to build it up a little bit more you could just transfer essentially monies from one pot to another. Typically, Selectman Massey said we have been instructing our department heads at the end of the year for any payouts to take as much from the current budgets as they can do. So we have been not taking all the money out of the funds. We've been taking it out of the department's budgets at the end of the year. Selectman Jasper is not sure what's so magical about the 50 percent. It's a liability but on the other hand if you look at our fund balance and the monies we have available, it's not like oh my god the Town of Hudson is in a negative position because we're not. Although we haven't assigned it to this account. We have several millions in other accounts. He doesn't see from a liability standpoint that if we only have 20 – 25 percent in there so what. As long as you have enough money to cover the likelihood of whomever and obviously we've been managing that pretty well. He's comfortable at the end of the day and bringing this down to \$50,000. All he's suggesting is if there's a strong feeling that it ought to be more than that, then we ought to just put some money...Chairman Coutu indicated they can revisit it either way.

Like Mr. Malizia said, the big hits we've had some but as employees leave, our longer term employees there's caps in place so that they liability goes down. He believed the original intent might be expressed a little differently. He's not sure they're trying to get to 50 percent just to get there. He thinks they were trying to get to an amount that threw off either enough interest or had a sufficient balance that when they paid them off, they didn't decrease the principal. Fifty percent is

just a number. It doesn't mean anything. He thinks the intent was if we get it big enough, the interest we're throwing off will pay for these things and we can just leave that sum of money there. That's not going to happen. That's more accurate. It is a finite difference. It's a percent. Pick 10 percent he didn't care. It's a number. That was what they originally intended to do. To get to that number, you need half a million dollars. You won't do it any more.

Motion by Selectman Massey, seconded by Selectman Jasper, to change line item 450 from \$75,000 to \$50,000, carried 5-0.

Chairman Coutu said that would make that cost center will be 162 600. With that gentlemen he believes ends this evening's session. We will meet again on Saturday, October 24th at 9 a.m. in the BOS Meeting Room.

Mr. Malizia passed out information relative to new community grants. As he mentioned, community grants is the first thing you'll be doing on Saturday. These are 4 new requests. We've always extended the courtesy of at least letting them come in and make their pitch. We don't copy all of this every year, but we do give you the new ones. He just wanted to make sure that you got it before the meeting.

Mr. Chairman before we adjourn, Selectman Maddox sees in that list and he's looking at the breakdown, the Milford Regional Counseling Service is looking for \$500. He thinks we should just give them a call and say no. Chairman Coutu indicated they were going to discuss this on Saturday. Selectman Maddox said you're going to invite them in. They're only asking for \$500. Selectman Massey agreed. Chairman Coutu asked that a phone call be made to tell them that their presence isn't required. Ms. Carpentier's clarification that their taking out the funding or you'll still discuss the funding on Saturday. Chairman Coutu said they're still going to discuss the funding.

Selectman Nadeau – Nothing this evening.

Selectman Massey – He thinks we still have our work cut out for us. We made a few changes tonight. He didn't think we're near the goal we talked about at getting down to at least the 2 percent level. There are some areas that he thinks they'll be able to look at. Just keep that in mind.

Selectman Maddox – He was mistaken in his interpretation of where we were going with a zero percent increase. It appears that some of the department heads had the same thought he did. Zero meant zero and not zero operating for non personnel issues. Many of the smaller ones of course came in at zero. He does think we're going to have a lot more difficult choices because the department heads gave us huge increases. It's going to be a challenge Mr. Chairman to have us do it rather than the department heads. Again, some of them came in at zero. So you'll looking at me like he has 2 heads.

Selectman Maddox said a 500 plus thousand dollar delta on top of the \$27 million request is not a huge – it's a number that is going to be difficult to get down underneath it, but it's only 2 percent. He hates to throw statistics out, but when you use the word "huge", it sets up all these – He doesn't think it's that question. He thinks it's just we're trying to keep the tax rate down to a level that given the current times people come in and deal. That's why when we talked about it the other night, we talked about somewhere between a zero and a 2 percent total increase.

Selectman Maddox said the 2 largest departments are going to be averaging 6, that's going to be a challenge. Yes it is, absolutely [Selectman Massey]. Chairman Coutu said because their labor intensive and because where there are certain costs that we have no control over. They're by contractual agreement and has also impacted because it's such a large work force, that its severely impacted by the increase in insurance and the increase on the retirement. It severely impacted their budget significantly. Not the entire budget, but of the \$500,000 increase over all. This

municipally overall has affected and resulted in an increase. All Selectman Maddox is getting at Mr. Chairman is he thought we were going to see much more of Mr. Michaud coming in at zero and then saying he'd really like to add this. What he believed and what he thought are 2 different things. Chairman Coutu said when they set out their discussions the other evening, he thought that by consensus we said that we are going to look at this. We're going to try to get it down to zero, and we're going to revisit some areas that we feel we might be able to make further cuts. We all agreed to do that. He thinks they're going to try to achieve what they possibly can. We're only 1/3 of the pie overall. We're going to do our best on the town side to certainly get it down to as close to zero. The ideal situation for him would be to have the taxpayers be in a situation where the July bill is no different from the December bill. Can we get there? We'll do our best. Mr. Malizia said actually you will.

Selectman Massey said because Selectman Maddox may not have picked up on it, we did as a result of our deliberations on Tuesday night, defund a position in the Engineering Department. They defunded the position by coming in the Community Development. So there's 2 positions that we're not going to have funds for next year. We should not kid ourselves. Selectman Coutu is right and Selectman Maddox is on the right track. If we're going to get close to our goal with zero to 2 percent, we are looking at labor costs.

To that end Mr. Chairman, Selectman Jasper has been giving this a lot of thought. The actual budget requests were up 2.9 percent. We're down below that now based on the action we've taken. The harder we work to get towards a total zero impact, the closer we get essentially probably to the default. He thinks it's important we get a default number based on the request so we have a basis to work on. His thought is this. That we actually have the opportunity to present 2 budgets to the voters. You have a proposed budget and you have a default budget. You can present a realistic budget that has a tax impact. Then we can present the default budget that's probably going to have a much less impact. Where we aired last year and really weren't thinking about it, we can come forward and say here's the budget that doesn't have a reduction in staff. Without decimating the town services in terms of we've got a whole bunch of people but we've given them nothing to work with, then the other thing is to say if you want to cut taxes and you vote for the default and here are the positions that will be laid off if you do that. He would think that might be the better way for us to go rather than having an operating budget that's here and a default that's here and we're not giving the voters any choice. Let's at least give them some choice. So we really need to know where we're at with it with a default number, which should be how close are you to having that number. Ms. Carpentier indicated probably not until Tuesday. Selectman Massey said they'd have it by their deliberations on Thursday. Mr. Malizia said it's probably most appropriate to look at it at deliberations.

Selectman Jasper said that would be fine. That's why he thinks we might be better off going...Chairman Coutu is fine with that. It makes sense to him. It's more palatable.

Chairman Coutu – The only thing he wanted to say other than the fact that he wanted to remind everybody, again, the Governor will be here in town to look at the Benson's property next Thursday at noon. Anyone who wishes is welcome to come. He does want to say this and he wanted to make a point of saying this, and there's a reason why he's doing it. Most of you or anyone who subscribe to The Nashua Telegraph or who bought a paper today noticed a story on the front page written by Karen Leavitt about the Benson' Park property. He wanted to say as Chairman of the Board of Selectmen, and one of the town fathers, and he's sure he speaks on behalf of the Board of Selectmen, that he truly appreciates that we're finally opening up the paper and seeing something that was done that was very positive about Benson's. It was a well written story. It doesn't glamorize the park in any way, but it certainly sheds some light on where we're going, the kind of volunteers we have. That was a great picture they put on the front with the Cub Scouts working at the Old Lady of the Shoe and with the contractor offering to volunteer, and what his link was with Bensons. That's the kind of effort and energy, and volunteerism we're looking for. He thinks that kind of notoriety, that positive exposure of Benson's is what's going to draw people to want to come to town and to volunteer and do the work that's going to be needed

to develop this park into something that we can be proud of. He was very happy to see that, and he's sure you all were as well.

5. Adjournment

Motion to adjourn at 10:35 p.m. by Selectman Massey, seconded by Selectman Jasper, carried 5-0.

Recorded by HGTV and transcribed by Donna Graham, Recorder.

HUDSON BOARD OF SELECTMEN

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