

HUDSON, NH BOARD OF SELECTMEN
Minutes of the October 21, 2008 Meeting – Budget Presentations

1. **CALL TO ORDER** by Chairman Nadeau at 7:00 p.m. in the Selectmen's Meeting Room at Town Hall.
2. **PLEDGE OF ALLEGIANCE** was led by Bill Abbott.
3. **ATTENDANCE**

Selectmen: Ben Nadeau, Rick Maddox, Shawn Jasper, Ken Massey and Roger Coutu

Staff/Others: Steve Malizia, Town Administrator; Kathy Carpentier, Finance Director; Kevin Burns, Road Agent; Bill Abbott, Chairman of the Sewer Utility; Gina Votour, HLN

4. **BUDGET PRESENTATIONS**

Chairman Nadeau said the Board was starting its budget deliberations for the 2010 fiscal year.

Selectman Jasper said before the go into the budgets, they should have a goal of where they want to end up. Usually, Selectman Massey disagrees with him and he's been winning that argument of late. They set a goal and he's sure this includes salaries, which are outside of what they've asked department heads to do. They are looking at general fund budget up 3.7% and he would like to have a discussion of where the Board wants to end up. With the total warrant articles that are proposed, they are a 6% increase. If they go into this without saying they need to cut X amount of dollars, they are going to go through it, and everything in the budget is justifiable, but the Board has to identify the frills. Are they going to get to the end and wring their hands and then go back and look at everything again? He didn't like doing that.

Selectman Massey said whether they set a goal or whether they do it at the end, at the end, they still have to go back if they're not within their goal and start looking at places they are going to cut. From his perspective, it's easier to understand the whole problem first and then work backwards. He is sure they all have a goal. The question is how they get there. The problem he faces is, suppose they say the goal is 10%, and after the first department, they are at 11%. What are they doing for all the rest of the departments? You have to identify, right now, they are pretty close to the margins. They've identified the things that are being requested that aren't in the budgets and decide whether they are going to add them or not, and then at the end, decide if that's till where they want to be.

Selectman Jasper said he's been doing budgets for a lot of years. His first one was in 81 for FY82; he couldn't really remember. He got elected in March of 1980, so whenever that was, and he's always found that having a goal gets them a lot closer at the end of the day. He's never seen a situation where they slashed and burned the first department that came in. They've always had to go back, but they've had something in mind, as they want along. It's a much more sensible way, but he understood what Selectman Massey was saying in theory, but in practice, it never works out that way. Without a goal, they tend not to make a lot of progress as they move through the budget, because they don't have a dollar amount that they are looking for; it's just sort of random.

Selectman Maddox said they should probably explain they are talking about the 2010 budget which, in the wonderful world of government, means they are already in the FY09 budget, almost halfway through it, so this will start in July of next year. Trying to predict where they will be—the gasoline prices in here now are higher, so there are a lot of things that are always suspect. Since they've debated around the side, he will throw it out there. Their goal should be 3%. His goal would be to cut the percentage that's not at 6-1/2% to 3%. He asked if that was a goal Selectman Jasper could work towards. Selectman Jasper said it certainly is. Selectman Maddox said he was just trying to move them off the dime, but if Selectman Jasper had a better number, he'd like to hear it.

Selectman Massey asked if the 3% was the tax rate, or the... Selectman Maddox said the increase in the tax rate. Selectman Massey said the increase in the tax rate is 6%, but the increase in the budget is 1.6%. That suggests, to him, they are already cutting the budget. Selectman Maddox said he put something out there so they could stop having a philosophical debate and put something hard on the table.

Ms. Carpentier said to get down to \$4.80, they would need to cut it by 14¢, which is about \$390,000. Selectman Maddox said that seems doable to him. Ms. Carpentier said she did a five year estimate on health insurance rates, prepared the books, rolled it all up and came out to be 11%, so she put in an 11% increase to health insurance. She just found out it was 5.2%, so that's good news, but she can't quantify that for them right now. She hopes to have that for Thursday night. In response to the stated goal, she will be decreasing the budget by some number, but she didn't know what that was right now. Selectman Maddox asked if she had a total figure, as it sits right now, of the \$390,000 that the 3% would reflect. \$100,000? \$60,000? The health insurance savings. Ms. Carpentier hoped it would be around \$100,000 but until she crunch every person and what they have right now, she couldn't say for sure. Ms. Carpentier said based on experience modification and claims ratio, the insurance is only increasing 5.2%, which is good news.

Selectman Massey said he was willing to go down that road, but he wants to understand the ground rules. They start tonight at the 6%. When they reach the magic number, and he will know because he and the Finance Director will be doing the same thing, do they, at that point, tell the other departments, oh, guess what, we've already gone over? Or do they look at each department and identify the areas that are potentially for cutting, hold them to the very end, and then act on them as a body

because, he didn't have any problem working on a 3% goal, but he does have a problem, when they get to each individual budget, potentially penalizing somebody. Selectman Maddox thought they were heading in the same direction. In looking at Highway, that budget is up 1.7%. KC should be able to tell them the Highway Department's percentage of the whole budget, so it's reflective that they're not going to pick on Assessing to take 20% of his budget and only 1% of Highway. They are much better than that. As they go along, they can make some small cuts and probably some things they can put on a list. They need to go through the entire budget to see what they believe can be removed, that should be removed at first blush, and then have a list of things they will go back to at the end, if they do not make that number, and start backtracking their cuts.

Selectman Massey said there are several budgets that have identified items that are not included in what they saw here, but they are included as things the department head either believes is necessary, or has made a case for why it should be there. Are they going to arbitrarily, because they stay within the 3%, take all of those off the table, or are they still going to look at them and understand why the department head is putting them there.

Selectman Maddox said they should hear everything, but this is the year he's going to say needs versus wants louder than he has in the past. Department heads were given a task and some did an admirable job of getting to the numbers they asked them to get to; some of them had difficulty, so the Board was there to help them, and see where they end up. If KC has that number, the 396, see where they end up. If, at the end of the whole process, they are 378, that's as close as they are going to get. If they are at 210, they may need to go back and make some other choices. They should have that target. Is that a reasonable number? He didn't want to have to do the

Chairman Nadeau said it was a reasonable number, but should it be more? Should it be less? Selectman Maddox said that's the question. Chairman Nadeau didn't think a 3% raise this year is what they should have; it should be close to zero like they said they wanted it to be. Selectman Massey said the department heads have done exactly what they were told to do—0% on their operating expenses and the increase on the labor line. They weren't told to come in with a zero budget; they were told to come in with zero increase in expenses. In looking at Highway, for example, their operating expenses are down 1.5%, so Mr. Burns & Co. has actually gone below the request, but labor is up 4.8%, but that's exactly what the Board told him to do. Selectman Maddox said that's 80% of your cost. Selectman Massey said he understands, but they aren't going to get a zero increase in tax with those parameters, unless they had a significant increase in revenues and he's already looked at the revenues, and there's not much wiggle room in the revenue line this year.

Selectman Jasper as much as he'd like to agree with the Chairman and say zero would be nice, they have to face reality. As Selectman Maddox said, about 80% of their cost is labor related, so the only way to accomplish that when they have contracts calling for 3% raises is through layoffs, unless they are going to do absolutely no maintenance; do nothing. They'd be in a position where they're not going to fuel vehicles, if something breaks, it sits on the side of the road for a year, so 3% is—given 3% on contracts, 5% on health insurance, and health insurance is now a big part of their cost. They are paying very large sums of money and that's why he's said they need to be pointing that out in contracts and the employees and taxpayers need to understand just what it actually costs to have an employee now. It's not just a salary and a little bit more.

Selectman Massey said since they are talking about 80% being salaries, that says the \$390,000 has to come out of the operating expenses, unless you cut positions. If they want to impact the salary line, they're talking about positions. He asked the Finance Director if she had a current rollup of the total salary and the total operating expense for the entire budget. Of the proposed \$27 million, how much is labor and how much is operating expenses? Ms. Carpentier referred to Page 14 of the summary section, the last line was the total budget. Salary and benefits were about \$15,500. Selectman Massey said the other expenses were \$11.7 if they are looking at it without layoffs, then they are talking about taking \$390,000 out of \$11 million, which is approximately three-tenths of one percent. Ms. Carpentier said to move up to the middle of the page, the General Fund budget, 689, because if they were to cut sewer and water, it's not really going to affect the tax rate. Selectman Massey said she was right. They'd be talking about taking 5% out of the operating expenses in order to achieve the goal and that's on the basis of the fact that for the last six budget years, the department heads have either been living on their, in effect, default budget, or zero percent increase in the operating expenses, plus labor. They haven't always got to the zero percent, but every budget the department heads have been filling out for the last six years, have been based on those parameters. It's not like they are suddenly here tonight, looking at putting the brakes on. The brakes have been on for six years.

Selectman Jasper asked if they were in agreement. Chairman Nadeau said no one said anything different. Selectman Massey said he concurred. Ms. Carpentier said, to answer Selectman Maddox, 16% of the budget was based on Highway operations.

Selectman Jasper said he was concerned about revenues and the only way to get a handle on where they are is if the Finance Director if they could get a run of what the revenues are in each of the categories for the first three months of last fiscal year and what they have been for the first three fiscal months. Selectman Massey said he had them because he anticipated they'd want to know that. The revenues through September 30 of this year are running 96% of total. They've collected 96% of the taxes. During that same period last year, they collected 96% of the taxes. The one that's the biggest item in Motor Vehicles, registrations, this year from July through September, they've collected \$977,175. For that same period last year, they only collected \$940,506 so auto registrations are running 3.9% higher for the same reporting period as they did last year. Tax collections are running about the same. Selectman Maddox asked if they knew what the room and meals tax were. Ms. Carpentier said that's not something the town collects. Selectman Maddox said no, but it's anticipated revenue. Ms. Carpentier said it's factored into the tax rate. Mr. Malizia said with the automobiles this year, \$4.2 million is budgeted in this fiscal year, but KC put in \$4 million, which is what they actually collected last year. They are setting it at last year's actual. People keep the same vehicles, more or less. The revenue estimates he's seen, and he's looked through the Community Development's,

appear to be balanced more towards the conservative side, unless the total sky falls on them, which is always a possibility. They're not going up on cars; they've actually scaled it back from what they budgeted this year. If this data is correct, it looks reasonable, based on what they are seeing.

Selectman Coutu said getting back to the budget and what they want to achieve this evening, he wants to make sure he understands what they are doing. His understanding is the consensus is they are going to try to achieve no greater than a 3% increase, there or about, give or take. If they come below, good for them. If they are slightly higher, as long as they are around 3%. He asked if that was correct. Selectman Maddox said that was their goal. Selectman Coutu said it's achievable.

Selectman Massey said based on what Selectman Maddox talked about, if the Highway Department is 16% of the budget, does that mean they would be looking at making 16% of the cuts for them? If that's the case, they are either going to do the peanut butter approach, which says we take 16% of \$390,000 or they look at each budget and when they are at the very end and find they are either near or away from the target, that's when they go back and make the individual significant cuts. Selectman Coutu said that's not his understanding. Selectman Maddox said his was more... this just gives them a point of reference that this is 16% of the budget. He is at 1.7%. In his estimation, this department has done what they told him to do. There are others that aren't at that point. He would look at all of the lines they are going to look at this evening, but he hasn't got that formula built in. Some departments have done a better job than others. Selectman Massey said they'd go from there.

Other Business Item

Motion by Selectman Coutu, seconded by Selectman Maddox, to allow Boy Scout Troop 7 from St. Rita's Church in Lowell, MA to solicit for charitable purposes at SAM's Club on Sunday, October 26, 2008 from 10 am to 4 pm, carried 5-0.

Budget Committee, 5070

Motion by Selectman Coutu, seconded by Selectman Maddox, to amend line item 5070-252, Professional Services by striking out \$4,000 and inserting \$0, a decrease of \$4,000.

Selectman Massey said they weren't on that part of the budget. Selectman Maddox said it would make them crazy if that's what they were going to do. They should stick to the schedule. Otherwise, the minutes will be all over the place. Mr. Malizia said this was an action taken by the Budget Committee the other night. Selectman Jasper said they should wait until they get to that budget. Ms. Carpentier said there were two motions, a \$7,000 reduction, that she was asked to bring to the Board and she asked Selectman Coutu to do it at the beginning of the meeting, but if the Board wanted to wait, that's OK. Selectman Jasper said he happened to be watching that part of the meeting and a member said that was in there because a Selectman asked them to do that. It was correct to point out that the Selectman wanted to reduce minutes and do less of them, so he was in support of this.

Vote: Motion carried 5-0.

Conservation Commission, 5586

Motion by Selectman Coutu, seconded by Selectman Maddox, to amend lint item 252, Professional Services, in Cost Center 5586, by striking out the number \$11,206 and inserting in its place, \$8,206, a decrease of \$3,000, carried 5-0.

Highway Department

Road Agent Kevin Burns said Selectman Massey said it perfectly; this is his 11th budget and he has a reputation for being conservative, so most of those 11 years, the increases have been zero or in the 1% range. He met the goal this year, but he's not real happy on how he had to do it, robbing Peter to pay Paul. Operating expenses really affect the Highway Department, with fuel and salt.

Selectman Coutu asked if Kevin was buying salt in small quantities this year, or large quantities. He asked if there was still a shortage of salt. Mr. Burns said not that he's heard from either of the vendors. Both have agreed to supply over 50% each of the town's needs, but the price is up \$45 per ton in two years. Salt is available; the salt shed, which is large capacity, is full, and he is getting deliveries, so there shouldn't be a problem this year. They are up to almost \$66 a ton. It wasn't too many years ago, he was in the low 20's, so when you get six years of level funding and the price goes up from \$20 to \$66 for something you buy an awful lot of, it's very difficult to balance the budget.

5515 Highway Facility No change.

5551 Highway Administration

Selectman Maddox said 105 Overtime was doubled, but historically he's been under on that line. With a four day work week for half the year, he wondered why there was such a big jump. Selectman Jasper said it's two this year, so it didn't double. Selectman Maddox said he was looking at the actuals. Mr. Malizia said he's been putting in two, but has been using less than two. Mr. Burns said he just carried it over. They used to spend more in that line, but he doesn't man the phones any more at night or during snowstorms, unless it's a whopper.

Motion by Selectman Maddox, seconded by Selectman Jasper, to amend 5551-105 Public Works Administration Salaries Overtime by striking \$2,000 and inserting \$1,000 a decrease of \$1,000 carried 5-0.

Selectman Jasper asked if they really need to use all of those numbers, or if they could just use the title because the numbers drive him crazy. If KC doesn't know what they are talking about, she can ask. Selectman Maddox said he was just planning on using the four and the three. Selectman Massey said since it's for the record and it's going to be on television, and they may have to use it for some reason at some point, it's nice to have the account and sub-account. Selectman Jasper said it will drive all the viewers away.

5552 Highway Streets

Mr. Burns said this was the Peter he had to rob to pay Paul. There was no other large line item to balance the budget, except for the street overlay account, so he reduced it from \$400,000 to \$250,000. He didn't recommend it. They were on a huge repaving schedule, as it was. At today's prices, just to overlay a mile of road is about \$125,000, about \$75 a ton. If they stay at the \$250,000, they will get two miles of road done each year. That's not any reclaiming; it's simply a 2" shim and overlay, and there is 190 miles of road. At this point, they are on a century rotation.

Selectman Coutu said this was his first year, so he was going to be asking some technical questions. He asked how to find out what was budgeted in '09. Mr. Malizia said column four was the budget for 09. Column five represents what was spent through September on that cost center. Selectman Coutu referred to 122 Insurance Cost Benefits, and asked if the cost went up \$34,000 in that one department. Ms. Carpentier said they could have had people moving in and out of the department. Flex, right above it, went down, so someone got married or divorced or had children, children left home. Mr. Malizia said different employees come on and they have different benefit packages. Selectman Coutu asked if the projected amount was what's going to be necessary for insurance for that department.

Selectman Jasper said that number was going to go down by 6% or so. He does not want to see them stay at \$250,000 for streets because that's one of the most important things they do, but he won't try to increase that at this time. He's hopeful they can find some other areas to make some savings and come back and restore this, at least partially. Even at \$400,000 it will take a long time to do the streets. They made some good progress this year, but they will see some backsliding now. Selectman Massey said this is where they will find out that cutting services hurts. For the record, when people out there look at their bills next year, and then the look at the services, there is a direct correlation between cost and service. He asked Kevin what he wouldn't do, now that that line item was cut in half. Which streets won't be done next year? Mr. Burns said he hasn't gotten into that yet, what the paving schedule was going to be for next year. Selectman Massey said people out there have to understand that their road may not get fixed next year; they are going to do 30% less road maintenance next year than this year. This truly was robbing Peter to pay Paul. If they don't put more back in, next year, they will be that much further behind.

415 Loam

Selectman Maddox said if 1/3 fewer streets are going to be done, they'll probably use 1/3 less loam, as they did in the 08 actuals, which is at 4488, as opposed to 8500. Mr. Burns said there was a correlation. If he's not doing as much reclaiming, he's not doing as much repair work afterwards.

Selectman Jasper said this was a good place to have a discussion about gasoline and diesel. From what he is reading, OPEC would like to see the numbers stabilized at around \$80 bbl rather than the \$140 they were looking at. They may have gone higher than they needed to. He asked what they were paying right now. Ms. Carpentier said in the summary section. In a department heads' meeting, they had decided on \$3.15 would be a good number for gas and \$3.50 for diesel, so that's what all the department heads put in, across the board. In FY09, they have \$2.15 but they also had a gas contingency of \$70,000. Lately, she's seen gas as low as \$2.62 and diesel at \$3.19. Selectman Jasper said they managed through it in a couple of different ways. The Cartel has seen what damages can be done to demand and the economy when the price is too high, so they are looking to stabilize it around \$80 a gallon, so it would be substantially less than the \$3.15 and the \$3.50. The numbers they are looking at do not include the 38¢ of taxes.

Selectman Coutu referred to the Highway Department's trial 4-day work week and asked the Road Agent what his plans were, as this point. Mr. Burns said the first month, the fuel savings were about 14.72%; the second month, it was a 12.15% savings. He was going to come to the Board next month to see if they could continue the schedule, with a modified winter schedule. He didn't want to wander too far off the reservation on that. He thought the 4-day work week has increased productivity. Selectman Coutu asked if they continued with the 4-day work week, if it would severely impact the overtime account. Mr. Burns said no, because what he'd like to propose, and he's already talked about this with the union, is to go to a 5-day work week, but have a split shift on Monday and Friday. He's not comfortable closing when the school buses are running. When the schools are open, they should be open. In the wintertime, it will give them 50 hours of straight time coverage, as opposed to 40 hours. A lot of times, he'd have to call people in at 6:00 a.m. and pay them overtime to get them out there before the school buses are running. With this proposed schedule, he won't have to do that. There would be a minimum of half a crew all the time, which is plenty for sanding the road. Selectman Coutu asked, when Kevin plugged in the numbers for fuel in his budget, had he taken into consideration... on a safe side, they'd say 10% plus, but use 10%... had he factored in any of those savings, if they were to continue on a four day work week, other than winter periods? Mr. Burns said during spring, summer & fall, a 10% reduction would be fairly safe. Selectman Coutu asked if that was reflected in the numbers here. Mr. Burns said when he did the budget, it was like throwing a dart. On July 15, he was paying \$4.23 for diesel; today, he paid \$2.48, a \$2 swing in a couple of months. When he did his budget, he was closer to the four range, so he didn't figure it in because he was figuring at \$3.50 and was paying \$4.23. He thought the 10% reduction would help him squeeze through, at the \$4.23.

Motion by Selectman Maddox that for the remainder of the discussion they carry the number of \$2.50 per gallon for gasoline and ~~\$2.75~~ \$2.85 for diesel, seconded by Selectman Jasper.

Mr. Malizia asked if he was going to have a contingency account. Selectman Maddox said yes, he will continue the contingency account, but this will take it out of the departments' budgets and leave that contingency where it is. Selectman Jasper said there is a 35¢ difference in what the department heads agreed to, and Selectman Maddox had only a 25¢ differential, so he wondered if they should maintain the 35¢ differential, if that has been a fairly standard differential between gas and diesel. Selectman Maddox agreed to amending his motion that diesel be at \$2.85.

Selectman Massey said this was one of those crystal ball areas. He would have made a different motion, but he would speak to the one on the floor, then tell them what his motion would have been. They are 3% of the world's population; they consume 25% of its energy, but China is like 50% of the world's population and India is probably about 10%-15% and between the two of them, they dwarf us. Both of those economies are growing, which means we no longer can count on a limitless supply of oil at any price, simply because China is adding 1,000 cars a day to their population. India's roads are so clogged that they can hardly breathe. We're not going to see a significant drop in the price of gas or diesel in the next two years. He would have preferred to leave the gas and diesel prices as they are and remove the contingency fund because \$3.15 and \$3.50 is prudent. He didn't think they were going to see \$2.80 gas for very long. The cheapest he's seen in town is \$2.87; \$2.62 in Manchester. Therefore, he was opposed to the motion.

Vote: Motion carried 4-1. Selectman Massey voted in opposition.

Selectman Massey asked for an estimate on what has changed because they didn't have any rollups on the gallons. Ms. Carpentier said about \$71,000. Selectman Massey said which is the contingency fee; for management purposes, it would be easier to take it out of the contingency than out of the gas. Selectman Maddox said they've done a great job of managing. If they could predict where gas is going to be, they'd be doing a lot better than sitting there in the basement of town hall. They've picked a number, right or wrong, by putting it in contingency, they release it for fuel. That's the way it should be. In a year, they may be scrambling to find more money. They are never going to know, but this is the best guess. It's going to be a long procedure.

5553 Highway Equipment Maintenance

Selectman Maddox asked why there was such a large jump in 205 equipment maintenance. Mr. Burns said 205 was large equipment repair and 203 was small equipment repair, one of things that has always been there without any rhyme or reason to, so it was rolled into one, "equipment repair." It's a repair, whether it's a chain saw or a dump truck.

Selectman Coutu said despite the fact that Kevin zeroed out 203, the allocation in 2009, when combining the two, had it been a single line item then, would have been \$89,000 and now he's requesting \$125,000 which is a significant increase, just the same. Mr. Burns said because the price of steel and the price of parts have skyrocketed. What he is asking for is about what he actually paid last year. Selectman Coutu said fair enough; he just wanted some justification. Selectman Jasper said prior to that, they were on track at about \$100,000. They replaced a grader and got some decent equipment. He knows it's a crap shoot. So far this year, they've spent around \$54,000. Hopefully, they've got some big issues out of the way this year. Mr. Burns said it hasn't snowed yet. Selectman Jasper said no, but the fleet is relatively young.

Motion by Selectman Jasper to reduce that line item to \$115,000, 5553-205, from \$125,000, seconded by Selectman Maddox.

They don't know what is going to break. Yes, steel has gone up and other things have gone up, but they spent a lot a couple of years ago and they are spending a lot now, but that doesn't mean it's going to continue. It can be up and down and \$115,000 is reasonable. Selectman Coutu said metal prices have been on the decrease, as of late, but \$10,000 is a safe bet.

Vote: Motion carried 4-1. Selectman Massey voted in opposition.

Selectman Coutu referred to 401, Large Operating Equipment, and asked why it was zeroed out. Mr. Burns said the last budget was the final year of the lease payment on the front end loader.

Selectman Maddox said for the people watching this riveting television, they need to understand, as the Selectmen talk about the budgets, an employee that makes \$51,000 a year, almost \$1,000 a week, costs over \$80,000 with all of the benefits, so it's not just the salaries they see, it's the benefits that add up and those are significant. Those are the kinds of numbers they are looking at.

5554 Highway Drainage

Selectman Jasper said the backup to drainage construction, that is tied, as well, to town wide paving to some degree. If they are not able to restore some or all of that money, could they take a couple \$1,000 out of there? Mr. Burns said his preference would be to leave it alone because there are crumbling structures all over town from salt. They always make sure everything is new when they are doing a total reconstruction, but there's a lot of existing that needs to be upgraded, as well.

Selectman Coutu said he wanted to pursue the wages and asked if Mr. Burns anticipated any turnover this year, such as retirements or bringing in new people. Mr. Burns said there is one close to retirement. Selectman Coutu believed the budget was based on the people who were already working, so if a senior person were to leave, someone would be brought in at a much lower salary, and they could see some savings there. Mr. Malizia said but they may come in with a higher benefit, if they have a young family that's on insurance, as opposed to an older one that wouldn't be, so it would balance out.

Selectman Maddox said it's not only the salaries they are talking about, but the benefits, the other costs that add up, almost another 50% on to some of the wages. That's why the budget is where it is. Selectman Massey asked, on the basis of House Bill 1565 that talked about the contributions for the employers for the retirement program, on the basis of that, what was the increase in the employer contribution to pensions? The rate increased because a contribution had to be made. Selectman Jasper said to wait until they factor in the \$2 billion they lost last month. Selectman Massey said they say they are OK. He asked if they were seeing an increase in the pensions that's over and above what they normally would see because of the House Bill that passed both houses. Mr. Malizia said they have the rates, but not for last year, but they can get that for Thursday. Selectman Massey asked for that information be provided before the end of the cycle to understand the impact. Concord mandated something and the towns have to pick it up. Ms. Carpentier asked if she was looking for the budget increase or the percentage increase. Selectman Massey said the percent increase had built into it an additional factor to keep that \$2.7 billion shortfall in the account. Ms. Carpentier said pension is going up \$105,000 town-wide.

Selectman Jasper said one employee is running for State Representative, so is his retirement contingent on if he wins? He can't serve in the Legislature and be a full-time town employee, particularly in the winter. Mr. Burns said he hasn't given him a date specific. Selectman Jasper said they can assume if he wins, he will retire and won't retire if he doesn't win. Interesting.

5555 Solid Waste Management

Mr. Malizia said they struggle with this one every year because this is supposed to also cover the two landfills, and there have been remediation efforts. At some point, there was a plan to plant certain species of plants on the Burns Hill landfill. Because there is no Town Engineer, a lot of that has been on hold. They have the old West Road landfill, which they have to do testing on because that was closed. All of the remediation efforts on Burns Hill have not been completed, so there's some amount of money needed to make sure that's in compliance with DES requirements. They have \$100,000 for this year and they've budgeted \$100,000 for next year. Between the two years, they should be able to whack something off, but he didn't have a concrete number since there is remediation that needs to occur and things that need to be satisfied from DES's perspective. If they have \$150,000 for this year and next year, that should more than cover the need. If they don't, they can go to surplus. The prudent thing would be to take 50k off this year's budget, which gives them \$150,000 for the two years. If they don't need it, it will go to surplus at the end of the year.

Motion by Selectman Jasper, seconded by Selectman Maddox, to reduce 5555 Solid Waste Management, 264 Water Quality Monitoring, from \$100,000 to \$50,000, a reduction of \$50,000, carried 5-0.

Selectman Maddox said he was going to transfer that \$50,000 into town wide paving. They should fix this now, before they leave this department, increasing the \$250,000 to \$300,000. Chairman Nadeau suggesting to add it in at the end to make it cleaner. Selectman Jasper said they have a goal and before they add anything back in anywhere, they ought to try to reach that goal. Instead of keep revisiting, they should just do it when they are done. Selectman Maddox said this is something they know they need to get done and they are doing very well with this department.

Motion by Selectman Maddox to amend line item 5552-248 Streets Overlay by striking out the number \$250,000 and inserting in its place \$300,000, an increase of \$50,000 failed for lack of a second to the motion.

5556 Grounds Maintenance

Selectman Coutu didn't think there was much they could touch there.

Selectman Jasper asked what happened to the computer. Selectman Massey said the IT Director requested they do all of those when they do the IT budget. It makes more sense when you look at all of the IT expenditures. On all of the departments, the IT line should be covered under the IT Director's budget presentation.

5900 Non-departmental, Solid Waste Contract

Selectman Maddox said if the actuals in 08 were \$1,376,000 they are budgeting \$1.550 in 2010. Hopefully, recycling is showing a 5% increase each year they are off track pickup. Mr. Burns said it has leveled off. The tonnage remains the same. There is a built in escalator in the contract. This year, because of the trucking and fuel costs, it came in at 6.3 increase on just the trucking items of the contract, not tipping fees or anything, so there will be an increase again next year, but the trash totals are up. Recycling tonnage remains the same, but trash tonnage is increasing. The town is still growing. They get one or two CO's a week. Another big factor is now there are 607 second totes out, so they are generating about 100 tons more a month than they were a year ago at this time. When they have more trash, they have higher tipping fees. Selectman Maddox said it's to their advantage to do more recycling. The Green Team was at Harvest Fest and more things can be put into that recycle bin. Try to get more into those bins as opposed to the toters. Chairman Nadeau said it was the Recycling Committee at Harvest Fest. Selectman Jasper thought Corcoran was moving toward single stream recycling and he wondered how that was coming along. Mr. Burns said their plans recently got approved in Manchester. They just hired a plant manager, so it is progressing. This contract was a big sell to the people in town; there were a couple of days he thought he might be hung in effigy out on the common, but some towns have modeled their program after Hudson's and what they have done with the second toters is charge an annual fee. It has been his experience that if he sees two toters, he doesn't see a recycling bin, so the people that paid their \$75 don't feel they have to recycle and are not penalized for it. He's thinking about charging an annual fee for the second toter. If someone doesn't want to recycle, fine, but the rest of them shouldn't have to pay for someone else's lack of recycling—but that's a couple more years away. Selectman Jasper said single stream will make it easier because people won't have to separate. Will that happen during this contract period? Mr. Burns said July 09 will be the start of the third year of a five year contract, and he didn't see single stream happening with this contract. Selectman Massey

said in his conversations with the people from Dover, they are at 40%, but they are single stream and the expectation was they don't get much about what Hudson is already doing, unless they go to single stream. Selectman Jasper said Dover also pays by the bag. That's the big thing that jumps up the recycling, if you have to pay for every bag.

5562. Sewer Operations and Maintenance

Mr. Burns said this does not affect the tax rate and, in fact, it's a significant reduction this year. Chairman Nadeau said the reserve fund went from \$50,000 to \$20,000. Mr. Burns said the loader was paid off.

Selectman Massey asked if there was any indication from Nashua if they have improved communication to Hudson. Do we know what capital requirements the town will be hit with? Mr. Burns said he doesn't deal with that. Ms. Carpentier said that would come up under engineering.

Warrant Article H, VacCon Truck Replacement

Mr. Burns said Jess Forrence told him that if it wasn't snowing, this is the most important piece of equipment in town. No one sees what it does, but if you don't have it, they will see what it hasn't done. It cleans the sewers and drains and there are over 2,500 structures in town between catch basins and manholes, and this is the one and only piece they have. It's like the street sweeper in that it's unique and when it's down, there's no other piece of equipment to substitute. They've had trouble with beaters, clogging pipes and this piece of equipment is the solution to everything underground in town—and the sewer and underground systems are well maintained, from the pump stations to the lines. The guys do a fantastic job. The life expectancy for this truck was 10 years of municipal use and eight years for a private company; Hudson is into the 14th year and badly in need of replacement. They put over \$35,000 into it in the last few years and is on it's way out fast.

Selectman Jasper didn't disagree with the need to replace the truck, only the need to replace it now. If they are talking about taking it from the 09 budget surplus and not from... Mr. Malizia said surplus is surplus. If there is a surplus at the end of the year, they could take it from that. Selectman Jasper said they are talking 1.2 again in this budget from surplus to reduce taxes, which is a problem, but probably nothing they can do about it this year. He didn't see them being about to take another \$120,000. Mr. Malizia said if they sell the house on Pine Road, they can because that's not budgeted in this year. That's a sale of town property and if that comes to fruition, if they don't do it in the fall, he anticipates it will be done in the spring, that would yield at least 100k. It's going to be in this fiscal year. It wasn't put in and nowhere in any revenue. It would be unanticipated, but it would still flow to surplus. Selectman Jasper said that's a little better and they do need to replace this truck, but he didn't want to propose putting \$120,000 in the budget, raising the taxes, but they have to be very careful about the surplus because there's a problem there.

Selectman Massey asked how much of the \$120,000 that's in capital reserve came from sewer. Ms. Carpentier believed the intention was to split it 50-50 between sewer and the taxpayer. There's approximately \$100,000 in there right now. The operating budget is going to add another \$20,000 so that gets sewer up to its 50%. The town's 50% is recommended to come from surplus. Selectman Massey said his recollection was that the Sewer Utility put \$50,000 in. They were the first ones to recognize this problem and say to start putting money in. When the capital reserve was created, the first \$50,000 was put in there by the Sewer Utility. Ms. Carpentier said the Sewer Utility has made two \$50,000 contributions. Selectman Massey said then that would be \$150,000. Mr. Malizia said they started it with \$50,000; they skipped a year, and in this fiscal year, they put in another \$50,000 for \$100,000. They are proposing \$20,000 to get them to their half, and the other half is for drains and, therefore, comes from the general tax rate.

Selectman Maddox asked where they were with the lease program. The grader just went on. The pickup trucks are there. Is there anything running out in FY10 where they could take that \$120,000 and least it over the next five years? Mr. Burns said the loader and that reduction is already showing in the budget. Selectman Jasper said that does lead to another question. Could they do a lease purchase with \$120,000 down payment and a lease purchase with the balance at \$25,000 a year? Mr. Malizia said if it doesn't get appropriated, they are going to have to give the equipment back after having sunk a lot of money into it. Selectman Jasper said that's never happened. Mr. Malizia said no, but he wanted to raise that concern. Mr. Burns said he had considered that and talked to Steve and Kathy about it. They have to do a warrant article anyway to get the money out of the capital reserve. Mr. Malizia said as long as they have to do a warrant article to get the money out, he might as well do an article and get it over with, instead of having another five year lease. Selectman Maddox thought a five year lease would be more palatable because if no means no, he didn't want to be stuck without the ability to get a vactor truck in the middle of the 2010 cycle. Mr. Malizia said they can't take the money out of the reserve fund unless they do a warrant article. Selectman Jasper agreed with Selectman Maddox because the budget surplus is not in great shape and he'd rather not take out another \$120,000 because even though they've got money coming in for the sale of the house, things still aren't in great shape. They are talking less that \$5,000 interest, but would be saving \$95,000 out of the surplus by doing a lease purchase. Selectman Maddox asked staff to work up a number, what that would be. Mr. Burns said he could have it Thursday, if they'd like. Selectman Massey said they had to find out what the capital reserve was. If it was for the purchase of a truck, then they couldn't go to a lease purchase. Selectman Jasper said they've been doing that. Selectman Massey said no, if the capital reserve fund was created and the language said to purchase a vac con truck, then they would be on shaky ground to be lease-purchasing a portion of the cost. Selectman Maddox said a purchase is a purchase. Selectman Massey said they aren't purchasing until the fifth year when they make their final payment. If they can do it, it's great, because it cuts \$80,000-\$90,000 on that request. He wants to make sure they don't run afoul of DRA. Selectman Maddox said that make two items to research. Selectman Massey said the first was what a lease purchase of \$120,000 down and \$120,000 financed be, and the second one is if the capital reserve fund says strictly to purchase, could you do this kind of a warrant article? This is one of those cases where the baby with the bath oil gets thrown out. If this warrant article fails, they could not use any money to do this. Mr.

Malizia said they still need to have an appropriation to get the money out of the capital fund. Selectman Massey said not take money out of the capital fund. The problem is if you put the warrant article on and it fails, even if they had money in a lease purchase program, they could not do this transaction. Selectman Maddox said then it's the Selectmen's job to sell it. For marketing purposes, they'd be much better off not trying to take \$120,000 out in one whack, spread the other \$120,000 over five years and explain that to the voters how important it is.

Chairman Nadeau said it's an important piece of machinery, and over five year, they'd be better off having it in the budget. Put in \$120,000 from the account, it would be a much better way. That's how they do all their trucks now. \$25,000 a year is a rough number for five years, and it would be a lot easier to do that than to put \$240,000 up front. It's not like buying a \$40,000 tractor. Selectman Massey said he has no argument; he's just trying to look at it if they really truly need this. Chairman Nadeau said either way, they'd have to put in a warrant article to get the money out. Selectman Massey said not if they don't take out the \$120,000. If they do a lease purchase on the whole \$240,000. Selectman Jasper said then the sewer doesn't pay anything and the town pays for all of it; he's not going to go along with that. Selectman Massey said they'd have to put \$25,000 in sewer and \$25,000 in the thing. Chairman Nadeau said the sewer has already raised and appropriated \$100,000. Selectman Jasper said there's no sense in leaving it there. Selectman Massey said then they have a serious marketing issue and they'd have to definitely sell the Budget Committee on it. The fact that it's been in the warrant three years bodes well, but they have a marketing issue; this is one of those articles that has an impact and when the drains are backed up next to your house, and they can't bring the vac con truck there... he's been walking around his neighborhood and hasn't seen as many pine needles as there are on the ground this year, and where are they winding up? In the catch basins. And the leaves. Kevin's crews are going to have a lot of fun in the spring. From a practical perspective, this is the way they have to go, but it means they have to really go and make the case to the people.

Selectman Coutu wanted to talk about the seriousness of the need for this vehicle. He asked what the life expectancy was of the current vehicle. Mr. Burns said they expected 10, but have gotten 14. Selectman Coutu asked what the mechanical problems were that they couldn't get another year out of it. Mr. Burns said the holding tank has worn thin; it's a big, giant vacuum cleaner and the walls are gone; they hydraulic pumps are gone; the water pumps are gone. It only has 60,000 miles, but it only travels 100' at a time. Someone gave an estimate to rebuild the equipment and it was over \$100,000, and they'd still have a 14-year old machine. Selectman Coutu asked, based on the history of purchasing for the town, with regard to language in the warrant articles, don't most warrant articles say to raise and appropriate for the purpose of purchasing, and they end up leasing anyway? Selectman Jasper said they've just been putting it in the budget. Mr. Malizia couldn't remember the last time they did a lease purchase, maybe back in '97 or '98 with fire trucks. (Talking back and forth.) Selectman Maddox said they need professional help on this.

Selectman Massey thanked Kevin and his crew for what they do. Library Park looks absolutely beautiful, which is a reflection of the pride Kevin and his men take in the town. He believed he was speaking on behalf of the whole Board.

Chairman Nadeau declared a 10 minute break.

Sewer Utility, 5561

Bill Abbott, Chairman of the Sewer Utility, was recognized. Selectman Massey said they've been assessing the Sewer Department \$40,000 for professional services, which go to engineering. They've been charging \$60,000 for Water Utility. It's time to start charging, after six years, he can't believe they are still only spending \$40,000 in services to the Sewer Utility and \$60,000 for the Water Utility. Mr. Malizia said they could look at it and might gain \$10,000 out of it. Selectman Massey said if they don't pay their fair share, the taxpayers are subsidizing the sewer and water utilities. It would be worthwhile to look to see if those are the right assessments. Mr. Malizia said they are estimates of service, at best, because they don't always track every single minute. The point is these two entities do not have an organization full of accountants, engineers, etc. The existing service people are used for that. Selectman Massey was asking if that should be looked at from a mathematical perspective to see what's changed relative to rates. It's reasonable, but it may yield only 10 grand. Selectman Maddox said they haven't had a Town Engineer for six months. Have they been given credit back for what they didn't get? It's all a wash, in his opinion. There's years they probably put way too much in water and sewer. That number is a fair average. They can look at it, but didn't know what it would be based on.

Selectman Coutu said they may not have an Engineer, but was he saying that Mr. Webster's services were not available? Mr. Malizia said it's not just the Town Engineer that's in this; there are a range of professional services that are in this and they ebb and flow. Some months, they use some engineering but other months, they use no engineering. The sewer tends to be somewhat mature utility and the engineering efforts are not what they probably once were, and water is becoming more mature. When they first took over the water utility, they started at ground zero and he, as the Finance Director, spent an inordinate amount of time with it. They now have a person and a half in that department. It's an estimate, at best. They are just trying to represent that there is a charge, a cost to provide those services that could ebb and flog, given activity, time of year, amount of effort, etc. They could look at it, but he thought they were in a reasonable position. One month, they may not do much; the next month, they may be very busy. He's not sure the efforts for the utilities are growing. A few years back, they had a lot more going on. Selectman Coutu asked if there were more sewer users than water users. Mr. Malizia said there are more water customers than sewer users—4,000 sewer; 6,000 water.

Selectman Jasper said Pennichuck manages a lot of issues on the water side and on the sewer side, it was totally the town and he would bet the Road Agent puts in a lot of time on sewer issues. Gary Webster has been spending an inordinate amount of time on the project at Ottarnic Pond and wondered if he was being paid from that. Selectman Coutu said he'd

invoice them for his time. Selectman Jasper said there was probably a lot more staff time working on sewer issues than they realize. It should also include the Road Agent, Town Administrator, Finance Director. The budget is down 19%, but the budget is supposed to be balanced. In the past, excess revenues went into a reserve fund. After locating the revenues page, he said it's down 19% because they were talking a lot more money out of the reserve funds last year. Mr. Malizia said there was a conscious effort by the utility to recommend to the Board to draw down the surplus by putting that money into reserve funds so there was an appropriation and a revenue. Now that they've drawn that down, they don't do that, so the bottom line is reduced because they're not doing that. They're not cutting any services or costs, they are just taking into account the realization of what they attempted to do. That effort is done, as far as moving money from a higher than needed surplus into reserve funds.

Selectman Maddox asked if Mr. Abbott has had conversations with Nashua, since they are the 100 lb. gorilla who controls when they send out an invoice and expect Hudson to pay; are there any large bills the town will have to face in FY10. Mr. Abbott said he, Gary Webster and Donna Sommers met with them about a month ago and they outlined their plans, which pretty much lined up with what Donna had on her list. They didn't allude to any big surprises coming down the road. The person they met with is fairly new and seemed personable.

Selectman Massey referred to the Trustees report and said the Nashua Waste Water Capital Reserve Fund, as of June, was at \$1,919,000 and asked if the Sewer Utility does not anticipate any charges from Nashua that would exceed that \$2 million threshold, adding that when they go into the next year, they will have added another \$200,000 from this year's budget, so on July 1 of next year, they'd have an available balance of \$2,119,000. Mr. Abbott said he didn't remember. Selectman Massey said that was key and where they got into difficult two years ago. The town could not fund the amount of money Nashua wanted because it hadn't been budgeted. The only good news is the Board of Selectmen are the agents to expend on this, so if it happens in the middle of the year and they haven't budgeted it, they can do it. However, he'd like to understand because they have a habit of springing at the last minute. Mr. Abbott said he'd catch up with Donna, but all indications are they won't have anything that isn't covered. He didn't bring that information with him.

Selectman Jasper said, even though the Selectmen are the agents to expend, the Board can't exceed the total appropriation for the year without going to DRA. Selectman Massey said that was correct.

Selectman Maddox thought a letter from the Sewer Utility, outlining what was discussed at the face-to-face meeting with the people in Nashua, thanking them for the meeting, reiterating what happened, "As per our discussion, I can go to my Board of Selectmen; there'll be no large capital expenditures in FY10. If there are any changes, please advise as soon as possible," just so there is a paper trail. Mr. Abbott said they didn't follow up with a letter. Selectman Maddox said he was suggesting that they do, a piece of paper that is a reminder that if they are going to do anything to Hudson in FY10, the town should be made aware of it; just a follow up. Selectman Massey said it would also help the town, if they have to go to DRA again.

Selectman Coutu asked, if Entegris comes into Hudson and they buy the flow, does that impact any of this? Where does that money go? Mr. Malizia said they send flow over to Nashua in the operations section of the budget under 5562. Under 239, Sewage Treatment, \$550,000 is budgeted, so they would get billed for that flow from the City of Nashua. Selectman Coutu said he was talking about the buy-in. Mr. Malizia said that has no effect on this. Selectman Jasper asked, if they were to come in in FY10, is there enough budgeted there not to bust the budget at 1,000 gallons per day. Should they be upping the budget in the revenue. Mr. Malizia said they bumped it up to 550, 10%, so he thinks they will be OK. Selectman Jasper asked if the actuals were 10% under the budget. Mr. Malizia said 08, they had approximately \$500,000. Before that, they were at \$513,000. Right now, they are at \$550,000, or 10% more of flow.

Community Development (Planning, Zoning, Building)

Mr. Malizia said he did these budgets this year. He removed the Community Development Director, priced out an Assistant Town Administrator, and that position is in the Selectmen's budget, under Administration, but the Board can move it, if they want to. Selectman Jasper asked if that has been advertised yet. Mr. Malizia said yes, and they have 43 resumes, but probably 23 were.... they'd be amazed to see what comes up when you start Googling things. He will talk to the Board on Tuesday because he'd like to set up some sort of a committee, him and a selectman or two, to sort through them and bring a recommendation or two to the Board. There was a much better response than for Town Engineer. Selectman Maddox said the duties assigned to the Assistant Town Administrator are at least 75% Community Development related, overseeing the land use side of the house. He thought they would want to reflect that into the budget in this cost center. Selectman Massey said by that logic, they would also put the remaining majority into the Engineering Department. From an organizational structure, it emphasized that the Assistant Town Administrator is part of the administration team and he is not just a department head for Community Development and Engineering. He was comfortable leaving it in Administration. Selectman Coutu said the charge was what the Board directed the Town Administrator to do, as part of the reorganization, but at any given time, as Assistant Town Administrator, those tasks could be changed or shuffled, depending on the needs, as determined by the Board. He agreed that, for organizational purposes, it belongs in Administration. Selectman Maddox said he thought they were wrong.

Chairman Nadeau asked if it was worth \$20,000 to belong to NRPC. Selectman Maddox thought it was, although there were nights when he didn't think so because they tend to get off into the bushes and weeds about beautifying bike trails and whatever, but for the services they provide, such as traffic counts, the overall pictures of where DOT funds are going, etc., they'd have to hire another assistant Town Engineer to do all of the stuff NRPC does for the town. He did have a problem and told them so at the meeting, that they were looking for them to approve a budget without asking the Board of Selectmen if that's OK. They just said, approve this budget and you find the money. All in all, the value is there. Selectman Coutu didn't know what they provide. At what point do they find themselves completely grown and put a stop to this constant development.

If it's a major project going into town, shouldn't the developer be responsible for paying for traffic counts and things of that nature? Why should the town pay an agency \$19,000 to do traffic counts? What else do they do for the town? Selectman Maddox said they are the liaison to the state DOT, as the MPO. They are also the interface to the Legislature. They do a lot of stuff on the legislative level, the state level. They do more than traffic counts. They assist the town with a number of planning type of issues. They worked with the town in the past to do the Master Plan. It's the regional transportation arm. DOT drives this bus. The town's \$19,000 is nothing compared to what the state DOT funds them to run a lot of the projects that go on in town. It's all or nothing and they wouldn't balance out if this was subtracted. Selectman Coutu said it was a waste of money.

5571-217

Motion by Selectman Coutu to amend 217 000 and cut from that \$19,003, bringing the new total down to \$228, as opposed to \$19,528, seconded by Selectman Maddox, for discussion.

Selectman Jasper said they just discussed this. Selectman Coutu said this was a waste of money. Selectman Massey asked why Selectman Coutu thought that after what Selectman Maddox, a representative to NRPC, just told them. Selectman Coutu said he didn't hear anything that directly relates to the needs of this town. He's never seen a Master Plan. Selectman Massey said it's on the web site. Selectman Coutu asked what the town has done with it. Selectman Massey said it guides the Planning Board on what they do relative to when developers come before them. Selectman Coutu asked if the Planning Board didn't know what to do. Do they really need a Master Plan? He said he really didn't know; he was new at this and wanted to be made to understand. He hasn't heard anything that justified spending \$19,000 to belong to an association. The main arteries of the town's roads are owned by the DOT, which are the longest stretches of roads in town. If they are already paying these people a hell of a lot more than \$19,000 then let them use the services to take care of the main corridors. Eventually, all developments come off the main corridors and those are the ones most critical to the design of any plan where the development is going to affect the traffic on those roads. DOT is paying them, anyway, so he sees it as duplicity. He didn't see where they were doing anything for him on Rita Avenue, or someone on Belknap Road—and he's a taxpayer. It's a waste of \$19,000. If they're looking to cut, this is a good place to cut. Selectman Massey corrected Selectman Coutu, saying it was 'duplicative,' not 'duplicity.' Duplicity is a negative word. Selectman Coutu said spending \$19,000 on this was very negative.

Selectman Jasper said he's had his share of frustrations with NRPC, but not all services are something you can quantify easily. NRPC is an organization that is there when they need them. Right now, they are working for the town on the Maddox-Madness-Parkway project. They've been involved with a lot of projects where the town has used their services in terms of having an Assistant Planner over here. The town has utilized their staff, and NRPC is a resource. It comes out to about 75¢ a resident to have that service available and provide the things that they do. They are in the forefront of accumulating data and sharing it with the town so it's available to staff. It's easy to look at something like that and ask what they get from it. Well, what do they get from the Municipal Association? What do they get from any number of things? Not everything is so tangible that you can say here's the dollar amount we get back. The regional planning associations are something every community in the state belongs to because of the pooled resources and the information and it would be penny wise and pound foolish for them to pull out of the association. He didn't think the motion was going to pass, but he didn't think it would be a wise move and he hoped Selectman Coutu would travel with Rick to a couple of the meetings and gain a little more experience about it. Howard Dilworth has been an NRPC Commissioner for years and if Howard didn't think it was something worth doing, he would have moving to pull the town out of that a long time ago. He has his frustrations with the organizations, but it's hard to find an organization that you can't find fault with. It does provide a service and is a benefit to the town.

Vote: Motion failed, 1-4. Selectman Coutu voted in favor of the motion.

Chairman Nadeau asked if there were any more questions on Planning. Selectman Maddox asked why the Town Administrator carried over the overtime when it has never been expended. Mr. Malizia said trying to get through the budgets, he just put it in, but he has no issue with it either one way or the other. It's for the Planning Secretary. Selectman Maddox said nothing has been spent from that line in 06, 07 and 08. Selectman Coutu said if he was going to use the same argument, he'd say that's less than a penny a person, but he'd support the motion.

Motion by Selectman Maddox to amend Line Item 5571-105, Planning Salaries Overtime by striking out the number \$600 and inserting in its place zero, a decrease of \$600, seconded by Selectman Jasper, carried 5-0.

Selectman Jasper said there doesn't seem to be any rhyme or reason to gasoline in this line because it's the same as last year. Ms. Carpentier said the departments didn't track gasoline; Kevin was paying for it all. They've just started tracking it in the last couple of years. Selectman Jasper said it shows \$5,500, \$5,700 and then they budgeted \$5,590 and they are still budgeting \$5,590. They have three years of history, so they must know the gallonage. Ms. Carpentier said it part of the blanket motion to cut the gas rate down. Selectman Jasper said yes, but it was level funded. Mr. Malizia said he has less miles with a higher rate. There was no reason for gas to go down if they drove fewer miles. Selectman Jasper said it shouldn't have come out exactly the same. He didn't know if Sean Sullivan did a lot of driving around. Selectman Maddox said it includes the Building Inspector, Code Enforcement Officer... (talking over each other).

Planning Board – 5572

Selectman Coutu said Planning Board postage was \$4,000 and wondered how that was spent. He thought people had to reimburse for postage. Mr. Malizia said the appropriation has to be made, but we get the money back. The numbers he put in were estimates and there could be either more or less activity.

Motion by Selectman Jasper to cut Planning Board Professional Services by \$1,500 to \$6,000, seconded by Selectman Coutu, carried 5-0.

Selectman Jasper made the motion based on the historical data. With the lack of activity they are seeing, this was a safe bet.

Zoning – 5581

Selectman Jasper asked how they went from \$109,000 to \$180,000 in salaries. Mr. Malizia said they are budgeting for a Zoning Administrator and he took out a position in the Building Department. Mr. Malizia said that position has attracted between six and eight resumes.

Selectman Coutu asked if how the budget was compared to last year. It looks like an increase. Mr. Malizia said the salaries increased, but he cut the actually day to day expenses by \$9,200. Selectman Coutu said he wanted to be prepared for the Budget Committee because this budget was being increased \$110,000. Selectman Maddox said the next cost center was being reduced.

Building – 5582

Selectman Coutu said the difference in the budget was about \$80,000, so the difference between the two budgets was about \$20,000 and asked if that was because of salary increases. Mr. Malizia said the salary differential. He was also carrying the highest insurance because he didn't know how that person would come in. It could come down later.

Selectman Coutu asked why, under Insurance Benefits, there was a difference of \$18,001 as opposed to \$17,000. Mr. Malizia said Mr. Oleksak does not take the full package of insurance, whereas before, there were two individuals and the other individual did take full insurance, so he was able to decrease.

ZBA – 5583

5585 -- Engineering

Mr. Malizia said because there isn't a Town Engineer now, so he was planning for the highest with insurance because they didn't know who they were going to get. He scaled back the salaries a little bit. He thought they were getting ahead of themselves with the hourly wages. He's trying to be a little more balanced. The two interns were in there because he expects them to come back. They did a good job and didn't require a lot of training; they are sharp kids. This is also the cost center for Mr. Webster, and kudos to him.

Selectman Massey asked about 402, the automobiles. Mr. Malizia said they paid it off, the small pickup truck with the cap.

Water Utility

Mr. Malizia said the town has owned the utility for over 10 years, since April 1998. They've done one bond to do some capital improvements, but they refinanced the existing bond. Once again, there is no rate increase, which is good in today's environment. The rate was cut 10% when they took over the water company and hasn't gone up since. As the debt is being paid down, they are saving about \$50,000 a year in interest payments. A couple of years ago, they had a bond on the warrant that \$4.7 million of capital improvements that didn't pass. They came back with a \$2.7 million improvement bond that did pass, so they still have some efforts that are outstanding. Given how their capital reserves are doing, they've been socking money away there, they'll probably be able to borrow a lot less than the \$2 million. They are getting in good shape; not quite where the sewer utility is yet, which is very robust. Because of the time spent in keeping expenses trim, putting money into repair reserve, capital improvements reserve, the bond, they are getting in pretty good shape. They have \$1.2 or \$1.3 in the capital improvements reserve, a great place to be. When they started, they had zero. The repair is about \$300,000 and when they started, it was zero. They've managed to fund those and do some improvements, increase the fire flows in the south end of town, storage, looping, booster station, etc. They've done a lot with the budget that's provided. There is a lot to be pleased with in this area and the revenues do matchup to the expenses. He didn't increase revenues, from the perspective of growth, because he's anticipating a slow period. There is not a lot of extra of anything in this area.

Selectman Maddox said CIP had a number of items from the Water Utility that he didn't see in the budget and asked if they backed off on doing something with Gordon Street. Mr. Malizia said given the analysis he's seen, that some of the prospective projects, if you do certain things prospectively in a bond or other capital project, most likely, Gordon Street may not even be in the mix any more, so they don't need to spend \$100,000 on it now and they're not going to because they have some plans, within the next year or two, for a future town meeting, they need to be looking at Part 2 of the bond they originally had, which has some considerations for possibly not using Gordon Street. Selectman Maddox said they were going to spend a lot of money to rehab it as a steel tank and they're saying if they did something with Marshall...he was just wondering because they saw a lot of items during CIP and he was surprised at not seeing one of them coming through, but he understood the thought process. Selectman Massey said his expectations were that if they don't do it next year, they would be, at that point, having to consider the Gordon Street upgrade. Next year, they really need to consider three projects. They may not see any this year because all three need to be done, in order to do the bond. One is \$500,000; one is a little over \$1 million, so it would make sense to do them all as one bond, just maybe not all in the same construction year. If they don't put it on the warrant for next year, they would be seriously looking at having to redo Gordon Street. When the company came in and did the analysis, at the time it was over \$100,000 to rehab that tank, so they can only expect the cost of that to increase. He hasn't gone through the numbers yet, but Westin & Sampson has upgraded the flow models to tell them what would happen if they took Gordon Street off and put the others on line, and that's probably going to drive them to look at it next year.

Selectman Maddox said meters. He asked about the status of the thing they were doing with Pennichuck. Mr. Malizia said it was put on hold because Pennichuck was having difficulty getting that project completed because the way the wires were. They did 1,000 of them, the easy pickings. They were supposed to come back with some sort of proposal or estimate, but when that deal was negotiated, they got a more favorable deal for the monthly readings, in anticipation of them doing that, and the town is still being charged the lower rate, so it's not the town's problem of what it costs them. The town is paying as if all the meters were radio. Selectman Maddox said sticking your head in the sand, hoping to see the sky was a wonderful plan, but at some point, they are going to come back. It said after five years, something or other. Selectman Massey said the problem is they came back and said they estimated it would cost the town \$750,000 over the original estimate for changing out the meters. He and Steve talked about it long and hard and the conclusion was \$750,000 was not a good bargain for the town. They were waiting for them to come back with a revision. Because they are tied up with Nashua and the eminent domain proceedings, a lot of these types of capital projects were put on hold. Would you want to spend money on a capital project if you weren't going to be around to reap the benefits? The contract was for five years, with a renewal clause in it. This is the third year of the contract, so next year they'll probably have to be looking at what they are going to do relative to absorbing that \$750,000 or whatever it winds up being. Unless they came back to the town with a price, there's nothing the town can do. Selectman Maddox thought, at the end, there was something that said the entire town would be re-metered. Selectman Maddox said that was a memorandum of understanding, which was an addendum to the contract which said they'd enter into negotiations to talk about it. Between the time they came back with a proposal and they were able to do anything, that's when they discovered there aren't that many three-wired meters in town and the cost of change-out was going to change from 10 or 15 minutes per unit to one to two hours per unit. Mr. Malizia said they'd have to actually get into the property because it couldn't be done from the outside. If the wires aren't there, somebody has got to go inside and make sure they are hooked up.

Selectman Coutu said he was at 1411, which was 35.6% of their goal. Ms. Carpentier said she was at \$141,320.05 to the 14¢ goal. Selectman Coutu said at that rate, they may be giving money back to the taxpayers.

Ms. Carpentier said Thursday night, starting at 7:00, the meeting was with the Fire Department, Assessing, Town Clerk/Tax Collector and then smaller internal departments—hydrant rental, town poor, legal, insurance, patriotic purposes and other expenses.

5. **ADJOURNMENT**

Motion by Selectman Jasper to adjourn at 9:50 p.m., seconded by Selectman Maddox, carried 5-0.

Recorded by HGTV and transcribed by Priscilla Boisvert, Executive Assistant

HUDSON BOARD OF SELECTMEN

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