

HUDSON, NH BOARD OF SELECTMEN
Minutes of the Budget Presentations of October 15, 2007

1. **Call to Order** by Chairman Shawn Jasper at 7:01 in the Selectmen's Meeting Room at Town Hall.

2. **Attendance**

Selectmen: Shawn Jasper, Ben Nadeau, Ken Massey, Rick Maddox and Doug Robinson

Staff/Others: Steve Malizia, Town Administrator; Kathy Carpentier, Finance Director; Kevin Burns, Road Agent; Jim Michaud, Assistant Assessor; Patti Barry, Town Clerk/Tax Collector; Sean Sullivan, Director of Community Development; Howard Dilworth, Jr; and Bill Abbott.

3. **Pledge of Allegiance**, led by Road Agent Kevin Burns.

4. **Budget Presentations**

Chairman Jasper said before they got into the budget, it's important to have a discussion on where the Board would like to end up with the budget, when they are done, what the impact on the tax rate would be. An important component of that is going to be how much of the surplus they use. They had some discussion last week about that, so tonight they have to get serious about what they are going to do this coming year. The summary page gives them the number with the proposed warrant articles, which would give them 5.1%. He asked what the impact would be, without the warrant articles—just the operating budget. Mr. Malizia thought it was negative four cents, which is a four cent decrease from this year. Chairman Jasper said the operating budget was heading in the right direction, but they've got to be mindful of contracts and other things. He was very concerned about the surplus, using \$1.45 million this year, which brought the surplus number down. If they do that again, it will bring the number further down. He asked the Finance Director to give them a little more detail on the projections. The important thing to look at is how much excess revenue and how much money was turned back from the budgets last year. That might be somewhat of a gauge as to what they could expect in the following year, but he didn't think it was \$1.4 million that they used. Ms. Carpentier said some of the items were one-time things, such as returning \$100,000 for Green Meadow and the Library returned about \$23,000. About \$200,000 was turned back in appropriations and they have about \$800,000 in revenues.

Selectman Maddox asked if the 4.4 was before or after all the contractual agreements are met, the \$4.40. Selectman Massey said it's 4.66 if all the things they currently have in the warrant articles were to pass. Selectman Maddox said he was talking about the warrant articles that are already passed, the various union contracts. Selectman Massey said if you add all those in, it comes up to \$4.66—it's \$4.40 for all of the current contractual obligations for FY09. Mr. Malizia said last year, the contracts that passed were for Police, Highway and Admin & Support. Those numbers are factored into the \$4.40 in the proposed operating budget because that was an obligation the voters approved. Below that line in the warrant book, there is a list of proposed warrant articles for this year. One of them that does not have a price tag is the Supervisors' unit, which is currently being negotiated, so they don't have a number to put there. It's probably not going to be more than 400 cents, which represents about 100k, as an estimate. That would be a new contract that the voters would have to decide on at the upcoming town meeting. Everything that has been voted on in the past, including contractual obligations, are covered in the \$4.40 tax rate. It's been priced into the operating budget, as appropriate, and as voted on by the voters.

Chairman Jasper said if you look at wage and benefit for nonunion personnel in town and on the library side, and factor in the possibility of four cents for the contract that is on the table, they would be looking at a potential two cent increase over the current year's rate, before they get to any of the other warrant articles.

Ms. Carpentier said if they use the \$1.45 million, as they did this year, which was used to budget this year, they'd have a surplus of \$3.6 million, which represents 5.6% of the gross appropriations. Chairman Jasper said that's pretty much on the low side of the five to 10%. They are right in the middle right now and he didn't want them to fall any further than that. Ms. Carpentier said that would assume a perfect budget and perfect revenue. Chairman Jasper said they'd probably never go below \$800,000 at this point. His recommendation was not to plug more than \$1 million in for surplus to offset the tax rate. Selectman Massey said that would increase the tax rate by about 20 cents. Chairman Jasper didn't think that was correct. Ms. Carpentier said it would be 18 cents. Chairman Jasper said he warned about this five years ago, that the chickens would come home to roost. Selectman Massey asked if he was recommending taking 450 out. Chairman Jasper said that's what he was saying; it's going in the wrong direction. The chickens have come home to roost. He warned boards in the past they were making decisions that were irresponsible when they used way too much of the surplus and did not live up to the reality of the votes that were taken by this Board, the Budget Committee and the voters. They spent a lot of money and paid for it with surplus, to a large degree, and now they are going in the wrong direction. Now, they've got to either say we don't care what we carry in surplus and let that number go down, but even if they continue to do this, they are going to get to the point where there is no money left. At some point, they have to deal with the reality, and this is the point.

Selectman Massey asked the Finance Director where she had the use of fund balance. Ms. Carpentier said it's not in the book; it was part of the tax submission that was talked about last week. Chairman Jasper said under revenues in the book was the \$1.45 million. Selectman Massey said he was looking for the other page, which was part of last week's—the tab for the years, how much of the fund balance they've used. The Finance Director gave Selectman Massey that paperwork. Selectman Massey said for 2007, they retained 7.9%. Do they know what the retained balance is, as of the end of June 2008? Ms. Carpentier said 7.9 is what it will be, once she sets the tax rate; that's what they just agreed to last week, but she hasn't come up to DRA yet. If they took out another \$1.4 million, as projected, they would be at 5.6% of the gross appropriations, or \$3.6 million. Chairman Jasper said assuming no excess revenue or lapses from the budget. But the way things are going on the state level, that could be a realistic scenario.

Selectman Maddox said that was his concern; there are those people in Concord that they could see a vacillation of the monies from school aid change \$1 million either way, so he absolutely agrees that the 7.9 is not a number he is comfortable with and why he didn't vote for it last week. That number is getting perilously close to putting them in a position that the roosters won't only come home to roost, but they will probably all die at the same time. They need to go a job this year that hasn't been done in the past, and they need to look at the budgets, not just simply as looking at the margins. They have taken \$5 out of the paper line item. They need to look hard at value, if positions are still warranted. They really need to look at the budget in a different perspective than they have in the past. His goal is to get that 7.9 up to a higher number and, when you look at your tax bill from this year, and you get next year's tax bill, it is less. That is his goal.

Chairman Jasper asked what the Board's pleasure was in dealing with the surplus so they have an idea of what that impact is going forward because if they go with the recommendation of \$1 million, that gives them 18 cents to start with, which would cause them to sharpen their pencils a little more as they go along. If they say 1.4, they are in a better place.

Motion by Selectman Maddox that the use of fund balance will equal \$1.2 million from \$1.45 million, seconded by Selectman Nadeau.

Selectman Massey said his calculation shows that using \$1.2 million means that the budget, as submitted, before they do any looking at, is 4.39% and if all of the warrant articles were to pass, it would be 7.7%. They are not the numbers he would want to be at, but at the moment, he will go along with the change from 1.45 to 1.2.

Vote: Motion carried 4-1. Selectman Jasper voted in opposition because his recommendation was 1 million. As tough as that is to swallow, they are just going to end up pulling down their reserves even further, and he's not prepared to do that.

Selectman Maddox asked if they could plug a number into that contract so that for the rest of this process, they are going to carry \$85,000, \$100,000, whatever the Town Administrator is comfortable with, so that number is always in there and they don't need to think about plus. Chairman Jasper said Mr. Malizia had said four cents, \$100,000. Mr. Malizia said that was as good a number as any, at this point in time. Selectman Maddox asked if that would be carried consistently through the rest of the budget. Chairman Jasper was confident the Finance Director could do that. She said they are starting at, including the \$100,000 pending for the open contract, \$4.78 or 7.9% increase on the town tax rate, with all the warrants. Without the warrants, it's \$4.48 for an increase of four cents. Selectman Maddox asked for what percent. Selectman Massey said 7.8... 7% to do all of them. Selectman Maddox asked if it was 7.8 to do all the warrant articles. Ms. Carpentier said it was 7.9%. Chairman Jasper asked for the number without the warrant articles. Ms. Carpentier said \$4.48. She asked if they'd like a recap, to which they said they did. \$4.48 is for the town operating budget, about three cents for the pending contract, one cent for non-union, one cent for library, four cents for a fire truck, one cent for fire equipment, one cent for fire apparatus, five cents for police officer, two cents for one drug officer and 12 cents for the design of Pelham Road dam over Second Brook, equaling \$4.78. Chairman Jasper said the 8 cent difference was the surplus. Mr. Malizia said that was correct.

Chairman Jasper asked if the Board wished to discuss a target tax rate, as they move forward. Selectman Massey preferred not to, at this point, because if they set a target, that's what they'll hit. In their own minds, they probably all know where they want to be and at the end on next Tuesday night, they can have that discussion. Chairman Jasper said they could do that, but he's always viewed it as, if they don't have a target, it's a bit like deciding you want to go to Portland, Maine and getting in your car and heading in any old direction. If you don't have a clue of how you are going to get there, you're not going to get there, and he reminded them of three budgets ago when he made a recommendation to the Budget Committee that they pick a target and they didn't, and they got to the end of the budget and the budget was defeated because nobody was happy with it. Luckily, he had some motions in his back pocket and they got to where they wanted to go in about 15 minutes, but that's not his idea of how budgets should be done.

Selectman Maddox said he wasn't going to disagree, but in fairness to all the department heads, whoever gets to be first, as Mr. Burns is sitting here, but the last person on the list, it would be unfair for them to pick a number and if some crazy guy said 40, and to get to that, they whacked everybody at the beginning, and the last guy wins, or all of a sudden, they're nowhere near that, the guy at the other end, so in fairness to all of them, they will hear all the presentations and they might bring out the chainsaw at the last minute, but at least they'll have been fair to all the people that came before them. Chairman Jasper asked that everyone keep notes on things that they think could go at the end because, at this point, he didn't have any motions in his back pocket.

Highway Department (5515, 5551 to 5556)

Road Agent Kevin Burns said the expenses for the Highway Department, total other expenses, the 200, 300 and 400 accounts, are down a total of 5.2%. Including labor, they are down 2.3%. There are no additional personnel requests in the budget, and no warrant articles.

Selectman Maddox said he had a lot of highlighting. In the 5552-105 Streets Salaries Overtime, the actuals for FY07, a non-snow year, was \$100,000. The year before was 90 actual. He's got 157. Mr. Burns said where there was a lot of winter in 05, he broke the bank and spent 150. Selectman Maddox asked if Mr. Burns knew something the rest of them didn't, that they are going to have a break the bank snowstorm year. Mr. Burns said no, but the previous two budgets, not counting the one they just went through because they spent some of the surplus on paving, the two previous years before that, he went over one year and came within pennies the next year. If they under-fund the overtime, he still has to do the work, but there

is nowhere else in the budget, which is bare bones, to overcome a bad winter. Selectman Maddox said, again, he was just looking to the Board. FY-6 and FY07 was 90 and 100. They're carrying 157, so he was wondering if that number should be reduced. Chairman Jasper recommended they not reduce that here because, historically, it has been used and Kevin does not have a lot of areas he can pull from, if they get a bad winter, so he would not feel comfortable pulling that number down. They've been lucky two years in a row, but that's not the best gamble they could take.

Selectman Maddox said it ties in with... he said he wanted to jump to 5552-308, which is salt. Mr. Burns said he considered modifying that until this year's prices came in and salt has gone up nearly \$10 a ton to \$52 so he didn't feel comfortable reducing that, given the increase in price. Selectman Maddox said maybe he was having a senior moment, but didn't remember, 5552-401, large equipment, was he carrying the money for the grader in there? Mr. Burns said yes; \$49,000 for the lease purchase of the grader. Selectman Maddox said those were the three areas they could reduce some of the budget to bring it down to zero. They've put solid waste in the latest revised, but he didn't count the solid waste.

Selectman Robinson said 555264, if you take a second and speak to water quality, three years running, \$37,000, \$42,000, \$39,000. You budget \$110,000 for some reason. You only budgeted \$100,000 for this account. Selectman Massey asked what number he was talking about. Selectman Robinson said 5555-264. Mr. Burns said this was something they go through every year. This is an account that is in his budget, but he does not submit the number for it, the Town Engineer does, and he really can't speak to it. Mr. Malizia said last year, they had the remediation efforts for the Burns Hill landfill. That budget, along with water quality monitoring at the West Road, came in at \$199,000. Last year, the Board said they couldn't do that much, to take 99 out and put it in next year for the completion of the effort to remediate the Burns Hill landfill, so this year they put in 110, but the balance slid over to 2009. It was an action taken by the Board last year, so included are the two landfills, the water quality monitoring, which is a DES requirement, and the remainder of the remediation for Burns Hill. That's where the numbers come from. Whether or not they are valid, or whether they will go up or down when they factor in the engineering, time and materials from GZA. Chairman Jasper said the reason it shows that virtually nothing is expended is, although they split it into two years, they decided that they would do it in such a way that it was a continual project, so it will start late in this fiscal year and immediately pick up in the next fiscal year. Nothing will be expended until spring. Selectman Massey said that was his recollection. They skewed it so they would have a single purchase order and have the money for both years. Selectman Robinson asked if they were still testing at the Burns Hill landfill. Mr. Malizia said they will be testing there for the length of his career. Selectman Maddox thought they got one that said they no longer had to do certain parts of the remediation. Chairman Jasper said he was thinking of the West Road landfill, and that has been reduced. Mr. Malizia said there is a water quality monitoring aspect, but it's not as great as it once was because they are pretty much past what they consider to be the risk zone. Selectman Robinson said with that said and done, would it be prudent or not prudent to take this down to \$50,000 as it was for three previous years. Chairman Jasper said no, it would not be, because the state has been very good with them on this project because they are taking corrective steps. Mr. Malizia said and innovative steps, too, with the whole planting situation. Where the West Road landfill cost around \$2 million to close that landfill, this one seems to be getting done for a lot less, and part of that is working with the state and being a little innovating with the ground cover method, and other methods, to keep it from creeping on to other people's property. To take it down to 50... realistically speaking, the numbers they got last year and the numbers he's seen on some addendums that have come across his desk that Tom needs to review, they didn't indicate anything significantly lower than what they thought last year. When the effort is done, it may be cheaper, but he's not going to predict the exact number because it's a time and materials basis and those are engineering estimates. At this point, he didn't have any other number to go on. They can take a risk, but it's a risk.

Selectman Massey said on 5515-210, natural gas, he has the same amount this year as last year. He asked if there was any reason to suspect they were going to see another increase in the cost. Mr. Burns said they won't give any information; none of the utilities will, especially when it's two winters away. They've made it with this funding previously. Selectman Massey said on 5551-221, asked if he looked at what it would cost, one copy machine and a pager... has he done any feasibility studies of what it would cost to buy one, as opposed to renting one? Mr. Burns said no. Selectman Massey asked what model it was. Mr. Burns said no. Selectman Massey said he'd appreciate it if Mr. Burns got that information to him. Mr. Burns said he'd e-mail it in the morning. Selectman Massey said he wanted to back, saying they were using \$2.15 as the price for gasoline for all departments. Chairman Jasper believed that number was \$2.50 for both gas and diesel last year. Selectman Massey believed he read that they were going to use \$2.15. Chairman Jasper said they looked at numbers that were all over the place, but the Budget Committee, at the end... Selectman Massey said his recollection was it was \$2.50 last year. Chairman Jasper said yes, \$2.50 for gas and diesel for all departments. Mr. Malizia believed they were using \$2.50 this year, too, because the reality was the last gas bill was \$2.49. Selectman Massey asked what the price per gas was that was included in these numbers. Ms. Carpentier said they used \$2.15 across the board for both gas and diesel. In a couple department head meetings, they went back and forth between \$2.15 and \$2.50 and the latest bills, right now, are running at \$2.15 with the exception of usage, the department heads chose to leave it at \$2.15. Kevin might have changed the amount because of usage. Mr. Burns said he kept it level funded. The last invoice he paid \$2.18 for gasoline and for diesel, he paid \$2.45. Selectman Maddox said he has 24,880 gallons for 552-304; do the math. Mr. Malizia said \$2.15. Chairman Jasper said he thought they had gone to \$2.50. Selectman Massey said they may want to come back and revisit that at the end of the budget cycle, the \$2.15. He's been looking at the stations in town and \$2.59 has been the price for the last two months. It hasn't moved down off of that. He knows they don't pay that, but it's an indicator of what gas is going to do. Chairman Jasper believed the total taxes were 36 cents. The state and feds are each at 18. Selectman Massey said they pay a penny and change for cleaning up things. They should keep this in their minds for the end of the budget cycle.

Selectman Massey said going back to the question that Selectman Maddox asked on 5552-401, was that grader a replacement and if he was proposing a five-year lease. Mr. Burns said yes, it was replacing the 1982 model. Selectman Massey asked what the cost was to purchase it outright. Mr. Burns said \$235,000. Selectman Maddox said for a piece of equipment that should last 25 years, they should look at budgeting that over a seven year period, bringing that number down slightly. That would reduce it by whatever number KC magically does the math on. A piece of equipment that is going to be in service for over 20 years, it would make sense to kind of spread this one out. Chairman Jasper said they were talking about a lease-purchase, and he didn't know if a longer lease-purchase was available. Mr. Burns believed it was. Mr. Malizia said they'd pay more interest on a longer lease. Selectman Maddox said he was aware of that. Selectman Massey said it's going to be more interest tacked on, if they go seven years, but they'd at least like to know the number. Selectman Nadeau said he didn't like lease-purchasing something for more than they really... five years is... if the interest rates are a little bit lower, great, but they just keep putting everything on lease-purchases and it just keeps adding up. \$200,000 isn't something they should be lease-purchasing for seven or eight years. The shorter the time frame, the better with these types of things. Mr. Burns said they've been very successful when presenting the budgets. They've really updated the fleet by rotating on a five-year lease program. If something gets paid off every year, they can keep a level-funded budget in the Highway Department, without the spikes and drops, as things get paid off. This is the fifth year, so there is an open year in the cycle. This year is the last year's payment of \$25,000 for the front end loader. The year after that are the Mac trucks at \$111,000. The year after that is the street sweeper, which is 39; the year after that are the pickups and tractor, which is 53, and then the grader would fall in line next, at 49. He said he has an alternative, if the Board wanted to hear it—but he didn't know if he'd throw himself off the bridge for this in the morning. He projects the solid waste contract to come in this first fiscal year they are in about \$330,000 less than budgeted. They could just, at the end of the fiscal year, buy it outright out of the surplus from the contract. Ms. Carpentier said the years won't work. Mr. Malizia said they can't do it that way; they may have a purpose, but don't have enough money to cover it. That would be a big nut to crack without an appropriation.

Selectman Maddox said one of his other goals out of this is to see that money go back to the taxpayers. It's important this year to show that the recycling works. If they say it worked great, but they bought a grader with it, unless they are giving rides, people are going to say they didn't get anything for all the recycling they did. It's key that money is... Chairman Jasper said that's part of the \$1.2 million. That's the way they get it back. They get it back every time they use surplus to offset the tax rate, and that's certainly... he hoped that was built into that \$1.2 because they are going to need it. Selectman Massey said Selectman Maddox stole his thunder because he was going to make that very same point, that he would not vote to take any of the unexpended balance off the solid waste contract to do anything other than return it to the general fund. Selectman Maddox is right. If they do anything other than that, they won't be able, with a straight fact, say they've saved money. He would not support any motion to do anything other than to move that, as Selectman Maddox has said, to the general fund. Chairman Jasper said at one time he hoped they would give them something real; \$300,000 is something. Streets paved is something they can appreciate every day, but looking at the numbers, he didn't see that as a viable option. The reality is nobody is going to feel it in their pocketbook, because look at the numbers. They are going to say their taxes still went up, unless they really sharpen their pencils and say alright, we have to look at yes, the grader is good to have for a number of things they do, particularly in the winter scraping the ice down, but not everybody has it and, you know, is that something that they have to have? Or do they say yeah, that thing is still running. It's getting slower and it's going to die, but is this the year to replace it? What are the consequences of not having a grader that works? They will have streets that look more like Nashua, but that's probably the only real consequence. He is talking about the winter when you go down there and there is snow pack, with potholes in the ice until the salt melts everything. He'd say that's the real consequence of not having the grader. There is some question in his mind how much that is worth. He didn't know if Kevin would like to speak to that.

Mr. Burns said the grader is mainly seen in the winter because people don't see it on construction projects, but it does the main roads in the winter. It's the reason why people say, when they come over the bridge from Nashua, they know they are in Hudson because it keeps the main roads clear. There is so much traffic on Hudson's roads now, they get ice pack. Without a grader, the main roads would be a mess because the cars would just pack that down and the regular plows just ride over the hard pack. The grader peels it up and scrapes it off. Without a grader, they are also going to be throwing much more salt on the roads in order to melt that hard pack off the roads instead of scraping it off. For years, he's been saying it's cheaper to move it than it is to melt it at \$52 a ton. The grader is also used for road construction. They do have a few dirt roads left and they use it for building ball fields, which they've been doing; doing shoulders and reclaiming. The grader is out there every single day. The one they have now is a 1982 beast. They've been doing the McQuiver to it to keep it together. They've tried not to put money into it because they'd be throwing good money after bad. They looked into rentals, but they are not available for winter use. They won't put a wing on it. They need a four-wheel drive machine and they are not available for rental. They'd be stuck without it. They don't have another piece of equipment that will scrape ice. It's not like they have two graders and say they can get away with one. That's all they have and all they want. They're not looking to increase the size of the fleet. Selectman Maddox said to that end, and he certainly is not Nostradamus, but he sees a slowdown in construction. Is there a possibility of getting a used one? That, again, would reduce that \$159,000 a year to something less; 57658—he was speaking, not reading. It's \$220,000. He was trying to go with buying it outright and budget it. Chairman Jasper said the budget for that is \$57,000 which is not entire (talking over each other). Selectman Maddox said, again, he was just asking if that was another option they could look at. He understands the reasoning and whatever, but so far they've cut nothing and they are just dragging right along. Chairman Jasper said the problem is, if they do that, then they've got to increase the budget, because now they'd have to budget to buy a used grader, but you're not likely to get anything decent for less than one year's payment. Mr. Burns said there's not a whole lot of graders out there. People don't buy that many. You can't really get them in for demos because there's not a lot out there, not like front-end loaders, where everybody's got a bundle of them. He's sure there are some available in the country, if they haven't all been

sent over to Iraq. He would not recommend this. It's a capital piece of equipment, with a five year purchase. Cheaping out means he or someone else would be back in front of the Board to replace the grader. You buy it now on a five year lease-purchase for \$49,000 and it's out of their hair for a quarter of a century. Chairman Jasper asked if they looked at a total rebuild of this machine. Mr. Burns said yes. It was about \$123,000 in 2005. It has just gone. It's tired. And if they did rebuild it for 100 and whatever, they still have an antique. Chairman Jasper said and they would have to increase the appropriation for one year to pay for it. You can't do a lease-purchase on a rebuild.

Selectman Robinson said as a curiosity, on the lease to own, if he added up all the leases he has during the year, did he know what that number comes to? For all the different pieces of equipment. Mr. Burns said about 250. Selectman Robinson the different in his budget that is wrapped up in leases. Mr. Burns said \$200,000 and that's counting the grader. Selectman Nadeau asked if that was shared between any other departments, like sewer and water. Mr. Burns said it's tough to justify a grader working on sewer. Selectman Nadeau said when they do the street work and stuff because some of the other equipment does. Mr. Burns said no. They tap the sewer with the backhoe, but it would be a stretch with the grader. Selectman Maddox said he was tired of tap dancing.

Motion by Selectman Maddox to decrease cost center 5552-401, streets, large equipment, by \$49,000 from \$57,658 to \$8,658, seconded by Selectman Massey, who said he'd second it for discussion. Selectman Maddox said he was trying to kill the discussion, one way or the other. Chairman Jasper thought they already had the discussion.

Selectman Massey said one last question for Mr. Burns. If you have to use this for this next year, is there any reason to suspect you won't be able use the one you have? Mr. Burns said if this is not replaced, he didn't think it would last. If they don't put it in this budget, the one he has now has to make it at least two more winters, and then they are getting into a 30 year old machine. Selectman Maddox said, again, he thinks they have to make hard decisions and this is one he's willing to make. He understands it could go the other way. He's just hoping that Al Gore is right, that the winters aren't going to be as bad because he is going to make a couple of other motions in the same vein. Chairman Jasper said he was going to vote against this motion and anything else that cuts the winter maintenance because the one thing people always say is what do we get for our tax dollars? and the one thing people can look to in Hudson is good snow removal, the streets are much better than everybody else's when it comes to winter maintenance, and there are things they could reduce, but this has always been a very lean department. These are good discussions to have, but he's not prepared to say they are going to move backwards on street maintenance, and that's what, ultimately, they would be doing. Selectman Robinson said he, too, was going to vote against the motion for the simple fact that when the roads are icy in the wintertime, and they need that scraper to scrape those roads so the roads are safe for their residents, he thinks that's a very wise investment for them to do, so he'll be voting against it for that reason.

Vote: Motion failed 1-4. Selectman Maddox voted in favor.

Motion by Selectman Maddox to decrease Cost Center 5552-105, Streets, Salaries Overtime, by \$15,000 from \$157,000 to \$142,000, seconded by Selectman Nadeau, for discussion.

Selectman Maddox said they have to make cuts somewhere, if the goal is to get to the target they talked about at the beginning of this. He can't predict what they are going to face, but he is looking at the numbers that have been in the recent past. He's willing to take it down only \$15,000 which will still leave it \$45,000 over the average of FY06 and 07.

Amendment by Selectman Massey to 5552-105 by striking \$142,000 and in its place, insert \$150,000, a decrease of \$7,000 seconded by Selectman Nadeau.

Selectman Maddox asked how Selectman Massey picked that number. Selectman Massey said the same way Selectman Maddox picked his. Mr. Burns said this is a line item that he has no control over. If it doesn't snow, he doesn't spend it, as they can see, and he has handed it back in. If it does snow, he needs it. They have a contract which increases the salaries every year, and it's a three year contract, so it's a 9% increase for the people who are pushing the tracks are making, so the costs for overtime goes up every year with the contract, as well. That's something that needs to be considered.

Vote on the amendment carried 4-1. Selectman Robinson voted in opposition.

Vote on the motion failed 1-4. Selectman Maddox voted in favor.

Vote on the main motion carried 4-1. Selectman Robinson voted in opposition. (5552-105, Streets, Overtime, was reduced by \$7,000 from \$157,000 to \$150,000.)

Solid Waste (5970)

Chairman Jasper said this was the trash contract. Mr. Burns said there was a \$215,000 reduction. Selectman Massey said he didn't understand the FY08 actuals. Mr. Malizia said they do a PO at the beginning of the year to commit the whole amount, and then they charge against it so, if there is any surplus, that will go down to whatever the real number was. Chairman Jasper asked if that was the number they were projecting this out at, at the current rates. Mr. Burns said yes, and there is an escalator clause in the contract, so he had to consider 3%, which he gauged it as. He built in a little cushion because they are, basically going on only three months of history, projecting out two years. He built in a cushion of 3.5 tons a day, over what they've been getting for the first three months. They also have to consider the growth of the town, more

houses, even though it is slow, they will be more coming on line. He's comfortable with that number. Selectman Robinson asked if there was any thought given to putting in an expense line for the Recycling Committee, such as \$500. Mr. Burns said that was in the backup. He earmarked \$500 out of the \$1.4 million. Selectman Robinson said he didn't see a line item, so it could get lost in the backup.

Sewer Utility Ops & Maint. (5562)

Mr. Malizia said sewer is paid by the sewer users. There is no increase, decrease or change in the rate. What they are looking at is, basically, a cost center that is borne by the users of that service. It has no effect on the tax rate. Selectman Maddox said he didn't want to use the word cavalier, but that statement... it still affects the taxpayers' bill for sewer, so they need to be cognizant it's a 7% increase. Now, are they going to be able to cover it? Mr. Malizia said there will be no increase in fees, as he stated in the beginning; no change in the fees. Selectman Maddox said, again, it's a 7% increase. Selectman Massey said he'd like to recognize the Chairman and Vice Chairman of the Sewer. Chairman Jasper said he'd recognize them after this did this piece, which was Kevin's. Selectman Maddox said this was sewer. Chairman Jasper said he didn't care; that was just what the Town Administrator told him. Mr. Malizia said Kevin does the operations and maintenance piece of the three cost centers. Mr. Abbott and Mr. Dilworth can speak after they do Kevin's piece.

Selectman Maddox said in 5562-105 Overtime, again, he is twice over what he has spent historically. He's running around \$5,500 and he has in there \$10,003. He understands the contract will go up 3%, but he's just trying to justify the other \$4,000. Mr. Burns said it's for emergencies. If nothing happens—it's pump stations, plugged sewers, breakdowns—they don't call them in. Chairman Jasper said on both water and sewer, as long as they are not plugging in a rate increase, then regardless of how much they budget for situations like that, if he doesn't spend the money, it goes back into that fund's surplus, but the problem is that if he does have problems, and they haven't budgeted it, then they get into a situation as they did earlier in the year where they had to petition DRA to overexpend the budget. It does no harm to anyone to budget for those eventualities because it doesn't save anybody anything not to, but it could complicate things in the long run. The only down side to that is if there was another rate decrease that might be planned, then they could say the budget was inflated the budget to avoid a rate decrease. They did decrease the rate a couple of years ago, but he has not heard any plans to decrease it further. That would be the only downside to what he was saying, but he didn't think there was any intention to do that because they're still building the capital reserves with the hope and intent that, at some point, Nashua will be expanded and Hudson will have the money in reserves to be able to pay without increasing the rates or bonding. Selectman Massey said for those folks who are on the sewer, the sewer rate for Hudson is the lowest in the state. Mr. Malizia said it's definitely in the lowest quartile, but he wouldn't say it's exactly the lowest because he didn't know. It has always consistently been for the last 10 years in the lowest quartile. The take a standard amount of septic disposal, and Hudson is in the lowest quartile. Selectman Massey said that's something the citizens of Hudson can be proud of, the fact they are running a well-oiled machine, so to speak, thanks to Kevin and his crew. As always, a good job, and he could pass that on to the crew.

Mr. Malizia said Mr. Abbott and Mr. Dilworth were present for 5561, which would probably be brief because this wasn't a very controversial cost center. Chairman Jasper asked if there were any opening comments. Mr. Abbott said not really. Things haven't changed much. The budget is pretty close to what it was last year. The only increase was for the salary of the Sewer Utility Clerk and some postage. That is the bulk of what was actually changed. Selectman Maddox said asked if they saw, at the rate of 4.9% increases, that they would be able to keep the same rate for the sewer in the upcoming years. Mr. Abbott and Mr. Dilworth thought so. Selectman Maddox said they were on record, and that was all he wanted. Again, they are seeing a 5% increase every year. At some point, they aren't going to be able to add more people to the system to be able to continue to increase the revenues when they get the cap with Nashua. He was concerned that a 5% increase every year will get them into trouble, eventually, much like they talked about earlier with the surplus. It's the same thing. Mr. Dilworth said he thinks they will find that some of that is the result of the increase of certain line items that are covered by the use of sewage fund balance, as the offsetting revenue component, so when you look at the appropriations side of the ledger, yes it's up, but there's no increase to the ratepayers because they have been using the fund balance to offset the cost. Basically, what it is is they take out of the undesignated fund balance coffee can and they put it in the coffee can for the Nashua Waste Water Treatment Plant, so there's no net increase in the rate. It's just moving money around through budget. They're setting aside money to be used for a specific purpose.

Mr. Malizia said the utility is very well capitalized through the use of reserve funds, fund balance and every time a structure gets built in town, and is on the sewer, there's a contribution there, so you have quite a healthy fund, with millions of dollars. Mr. Dilworth said the sewer capital assessment account right now has in it somewhere on the order of about \$5.5 million, but he hasn't looked recently. The thing they have to be careful of with that is, once you're built everything you're going to build, you don't add anything more to that fund, and they will be making repairs to the system forever, based on that money, but they currently do have that in the capital assessment account right now. Selectman Massey said as of June 30, according to the Trustees, the fund had \$5,237,000 in it, but that does bring up another question that the Sewer Utility Committee discussed at its last meeting, and if you look at 5564-450, it's only \$300,000 and he believes they have been putting \$300,000 into the sewer capital assessment fund and \$150,000 in the Nashua Waste Water Treatment fund, and he didn't see that reflected in this. That was a question that was raised at the meeting. It may be there, but he didn't see it. It may be that 5564-624 is the money they pay to Nashua for the use of the system, the inflow to their system. Mr. Malizia said no, it is not. Mr. Dilworth agreed, saying 5564-624 pays for Hudson's contribution to the "egg digester," the great big egg-shaped contraption that is used for digesting sludge. That came about as the result of... Nashua used to take their sludge to the dump and bury it, but they are no longer allowed to do that. You can't bury sludge in an unlined landfill, which Nashua has. They turned around and constructed a sledge digester, which is a big, egg-shaped thing, and in

digesting it, they are now able to turn around and, instead of paying to bury it, people actually buy it and use it for fertilizer or organic material, etc. The town owns, through an intermunicipal agreement with the city, 12.58% of the Nashua Waste Water Treatment Plan. As a result, any time capital projects are done over there, Hudson is liable for 12.58% of the net capital cost. He said net because that's applied after they get the 20% reimbursement from the state, DES. That's a little history of what that line is. They've also talked about 150 being a little high, at this point, because they've been averaging about \$80,000. He asked Selectman Massey if that sounded about right. Selectman Massey said there is \$300,000 in there now, and that was... they don't have the final information back from Nashua, but they've recently been apprised that there may be some significant bills coming along that the town didn't know about until after they built whatever they are doing, so Hudson is in the process right now of asking their management to tell them what they are talking about because, if you look at the FY07, the 333422, that represents what Chairman Jasper was talking about. They actually had to petition the Department of Revenue Administration, through the Office of the Budget Committee to over-expend this account because of a bill that was presented after the fact, and they've already told them it could be as much as nine to 12 months from the time they know about the bill until they get their money, if they don't tell them ahead of time what it is, so they may have to come back and revisit this number before the end of the budget cycle.

Selectman Robinson said 5562-450, capital reserve fund for the truck. Mr. Dilworth said he likes to refer to that as the elephant on wheels because it is big and round and has a long trunk in the front. It's the sewer vactor truck which cleans catch basins and sewer lines. They started a capital reserve fund about a year ago towards the replacement of that truck. It's reaching the end of its useful life. They don't have any information to indicate the condition of the truck, but it is about 12, 13 years old, so they decided to start saving money towards a replacement vehicle and in all the hoop dee doo in dealing with Nashua last year, they just plumb forgot to put away money for the vactor truck last year, so it's in there again this year. Selectman Maddox hoped that the Town Administrator would send correspondence to the waste water treatment facility in Nashua, saying they are going through their budgets and it is important to get the numbers to them so they can plug them in now, as opposed to mailing the town a bill in April, saying by the way, you owe us. Mr. Malizia said he and the Town Engineer met with them last winter, and that is all great in theory, but Nashua is bigger than them and don't march to Hudson's tune. Selectman Maddox said they can be asked again. It would be nice to remind them again. Mr. Malizia said the Sewer Utility Committee has already done that, again. Mr. Abbott said they have a letter in progress that addresses that. Selectman Maddox asked if it would be turned around in time. Mr. Dilworth said he hoped so. Mr. Abbott said they asked for a reply by October 23, but he didn't know if the letter has gone out yet. Mr. Malizia said he and the Town Engineer met with them last year, to try to get a better grip on when you folks are doing something, give us more of a heads up; we don't have the same form of government you do. We need to budget things more timely. That was an outgrowth from the bill received last year that was in excess of the appropriation, so they had to do the emergency spending. He believes they were cognizant of it but, in the long run, they are going to do things to their plant, and Hudson is the minority owner. Selectman Maddox asked, as such, if they at least had a seat at the table to hear at whatever meeting it may be, this is going to be an issue. Mr. Malizia was not sure they do things the way Hudson does, with meetings and such. He's not sure how they develop their numbers. Mr. Dilworth said the sewer is handled through the Bureau of Public Works, which has a separate commission in the city, and the Mayor is chairman of the commission. Mr. Malizia said they are cognizant of Hudson's issues and the fact that they exist and should be given the courtesy of at least "here's what we're thinking." They've let Nashua know Hudson is part owner.

Selectman Massey wanted to go back to 5562-450 saying his recollection is they put \$50,000 into that in FY07, or did they just create it? Mr. Dilworth said they created the fund and put \$50,000 in the first year. Selectman Massey said that's not reflected in the budget. Mr. Malizia said because it was a warrant article. Selectman Massey said he understood that, but it was an actual expenditure for that year, so it should have shown up here. Mr. Malizia said no, if it's a warrant article, it won't show up in the budget. In a reserve case like that, they don't run it through the budget. It's expensed against the actual warrant article account. Mr. Dilworth said there was no line 450 until this year. Selectman Massey said maybe they ought to rethink how they do all of this because somebody looking at this two years from now is going to wonder how they got \$100,000. Mr. Malizia said if they put 50 in this year, and go back to the warrant two years ago, there's the other 50. Selectman Maddox said it goes through the Trustees of the Trust Funds, so there is documentation for it. Mr. Malizia said that was correct. Selectman Jasper can worry about it five years from now, when he's still sitting here. Selectman Massey said the anticipated cost is at least \$200,000. Mr. Dilworth said that's what they are trying to do; they are trying to save money. They are not fans of lease-purchase, and where they have such a healthy bank account, they... because of the way they have to do the budget, they have to appropriate it on one side and list the revenues on the other and it's a pass-through that doesn't affect the rate in any way.

Chairman Jasper said he was trying to make sense of the fund balance income and expense and was looking at fund balance and reserves. On the revenue side, he was seeing \$600,000 worth of capital reserve account, capital assessment account and fund balance being used as revenue and on the other side, he was seeing \$350,000 being budgeted to go into the accounts, and that's not quite adding up. Mr. Dilworth said for openers, they don't have a revenue page. They didn't get one, but he can tell them from experience what the intent has been. The money that goes into paying for the existing work at the treatment plant was coming out of the sewer capital assessment reserve fund. That's the one with \$5 1/4 million. The money that goes into the expansion of the treatment plant fund and the vactor truck was coming out of the undesignated fund balance. Chairman Jasper said maybe the Finance Director can help him. Looking at this, the income versus the expenses would say to him there is \$350,000 being budgeted to go into reserve accounts; \$600,000... leaving \$250,000 that is just expense. That is telling him they are losing \$250,000 on current operations. Their expenses are \$250,000 higher than the income. That's what he's trying to figure out because looking at what's going in, it would look that way. He can't find a grand total for the sewer operations because the way it is budgeted out. Ms. Carpentier asked if he

wants to know what the total budget for sewer is. Chairman Jasper assumed the total budget would match the revenues. Mr. Malizia said it does. Chairman Jasper asked if they were losing \$250,000 on operations. They need to dip into their fund balance \$250,000 to meet their obligations. Mr. Dilworth said he didn't have a revenue page, so he can't speak to that. Mr. Malizia said that was a reasonable assumption. The \$300,000 for the sewer treatment plant they are currently paying is coming out of there, too. Ms. Carpentier said that's if they spend the \$300,000. Chairman Jasper said what they were not seeing was the interest they were making on the \$5 million. Mr. Malizia said that was correct; it stays in the fund. Chairman Jasper said as long as there is the fund balance being the money in the current accounts with the Trustees, they don't see the money that is in the fund balances right away either. They don't know if they are pulling their fund balance down, looking at this. They don't have a complete picture of the health of this department right now and he'd like those numbers so they can have a complete picture of what they are doing. He understands the \$300,000 is certainly a problem right now. How long will that be expensed out? Mr. Dilworth said expenditures of that amount for two, three years. They have some capital projects that they are doing over there. For example, watering upgrades estimated cost is \$2 million. Estimated completion is October 2009 and Hudson's share would be \$201,000. Sludge digester, they're down about \$75,000 a year now for that. That's a bond issue that goes out probably about another... they are about half way through that, so it's probably about another 10 years or so. They have some other capitalized items that's about \$20,000 and they are not going to pay that until they know what those other items are. They are making upgrades to the plant, but they are not expanding it. A year or two ago...he didn't know what they call it, but when the stuff comes in, it's a strainer kind of thing that rotates and pulls all the garbage, the trees and whatever that gets flushed down into the system, pulls that out before it gets treated, and they've replaced that. They've added a generator, and for them it is very large, probably on the order of 200-300 kilowatts. Chairman Jasper asked what the fund balance currently was. Ms. Carpentier said as of June 30, 2007 it was \$2,012,000 and that does not include the sewer capital assessment of \$5.2 million, sewer pump repair of 183. Chairman Jasper said, obviously, that's got more than expenses for one year in there. Mr. Dilworth said they are pretty careful about that.

Selectman Maddox said this was a good workshop item, along with the water utility, where they do not really impact the budget. They've cut \$7,000 out of their goal of 350. They are going to have to work for 50 more hours. This is a great workshop item to get the very information the Chairman is after. He is asking how this is going to play out over the next 10 years, but they have an able group of people watching that right now, so he suggested they move on. Chairman Jasper said he had no problem with that; he was just trying to make the math work. Mr. Dilworth said they appreciate that they don't want them to end up running out of money, but they are keeping an eye on that. Chairman Jasper said he just wants to be able to answer the questions himself.

Selectman Massey said before they move off of this, he proposed warrant article number L, which is to take the water utility capital improvements capital reserve fund and change the agent to expend from the voters to the Board of Selectmen. They've had that in there now for the last two years. Contrary to what people might think, the first time this item came up for discussion was in September. Several members said they didn't have that paperwork. Selectman Massey said that's because he was proposing a new warrant article. The Sewer Utility Committee voted unanimously at their last meeting to, once again, request that the Board of Selectmen put in this warrant article and make the agents to expend the Board of Selectmen. The rationale for it... Chairman Jasper asked if Selectman Massey had copies of the warrant article for everyone. Selectman Massey didn't. Chairman Jasper suggested moving this to a different evening so the rest of the members could read what Selectman Massey was proposing because he wasn't prepared to vote on a warrant article. (Talking over each other.) Mr. Dilworth said it was to add to the purpose to allow the purchase of additional capacity. Selectman Massey said there were actually two warrant articles. One was to increase the capacity on the waste water treatment plant and the second was to make the agents to expend on the capital. Chairman Jasper said until such time as they have it in front of them so they can all look at it and discuss it, he didn't want to go back to last year's, or anything else. He wanted something that goes with the page, so he was going to rule that out of order until such time as all members of the Board have copies. Selectman Massey said he just wanted to alert the Board that the committee has asked the Board to do that.

Selectman Massey would like to ask the Trustees of the Trust Funds, they show a balance of year end 63007 on that sewer capital assessment of \$5,237,061 and they show the same balance at the end of 2008, so he finds it hard to believe that that didn't increase in value. Mr. Malizia said they are not in 2008. Ms. Carpentier said he's not looking at the reserve page, but at the capital reserve fund.

Mr. Dilworth said as an additional item before they leave, they asked the Board to make a change. They had discussed it at the sewer meeting. They would like to have 5562-239 sewer treatment increased to \$550,000. They've been using \$500,000 for a number of years and find that's no longer enough money. It was a shade more than \$1/2 million last couple fiscal years. They felt that \$550,000 was probably a prudent number to plug in. Chairman Jasper said they'd have to have a parallel revenue with that. Would they rather put less in the capital reserve fund, or take more from the fund balance to accomplish that. Mr. Dilworth said he didn't have an answer for that at the moment, but they would ask that that line be increased and they could discuss... Chairman Jasper said for the purpose of doing this, so everything stays in balance, he would recommend taking an additional \$50,000 from fund balance to accomplish that. If he has another recommendation, Mr. Dilworth can talk to the Chairman of the Budget Committee.

Motion by Selectman Massey to amend Item 5562-239, striking \$500,000 and replacing it with \$550,000, seconded by Selectman Robinson, carried 5-0.

Motion by Selectman Massey to increase the fund balance line on the revenue page by \$50,000 to \$450,000 to be taken from the sewer fund balance, seconded by Selectman Nadeau, carried 5-0.

Chairman Jasper called for a recess before taking up the Assessing Department.

Assessing Department (5410)

Assistant Assessor Jim Michaud said overall, the budget is at a 1.6% increase. Outside of labor, the budget is down 3.1%; just labor is 2.5%. They are coming out of a year in which they conducted a revaluation and much of the funding within the budget, by line item, is fairly level except for those items that are required by labor contracts and the like. Approximately \$30,000 in spending is about a penny on the rate. The proposed budget of \$272,000 is about eight cents a day or \$27-1/2 a year for the average assessed household. That's the cost. The value that the department is providing, a service to the Board of Selectmen in their capacity as the Board of Assessors, to adhere to their statutory responsibilities. He's been here awhile doing it and he enjoys doing it and the support of the Board and looks forward to answering any questions.

Selectman Massey said in 5410-304, the backup says that \$2.50 was used for gas, so he asked what 15 times \$2.15 was. Ms. Carpentier said \$537. Selectman Massey said they must have used \$2.15 then. Mr. Michaud said he cut the gallonage because they are not solely relying on just one town vehicles, so there's less personal use of a vehicle. The backup says 250 gallons, he cut it back to about 125 or so. Selectman Massey asked what 125 times 215 was. Ms. Carpentier said 269. Mr. Michaud said he actually cut it down to 100 gallons, but he failed to amend the line in the backup from 250 to 100. Selectman Massey said if they were a couple of pennies short, he'd know where to get the money.

Selectman Maddox said 5410-103 has consistently been 15, 18. In the budget, he has 3,000 and asked if there was a reason. Mr. Michaud said there has been a fair range within that, looking back over the years. In FY05, it was 3656; it went down in FY06 to 1536. In this year, he is holding pretty close to zero. There's a couple of hours in there that hasn't made it into the books for this actual year. He has really kept it in there as a place holder, that this is something that would cover unexpected things that can happen to people, where money would still be going out of the salary items and they'd still need to cover the office hours. Selectman Maddox said they are calling it vacation coverage, but the department doesn't all take vacation at the same time. Mr. Michaud said it's vacation, sick time, special projects. They don't all take vacations at the same time, but he didn't want to necessarily take someone out of the field, who are out picking up new construction value. He carried the same line as he did in the current year.

Selectman Maddox didn't think they'd see the same amount of houses built in the coming years, as they have in the past, so that's going to drop. He brought them to 5410-217 and asked what the Appraisal Institute of Affiliate Membership get the town. Mr. Michaud said the appraisal institute is the premier appraisal organization in the United States and, as such, they have the best appraisal courses for appraising. They also have the best appraisal library that's available on line for appraising. By the simple fact of getting their monthly publication, it's really worth it for what they get out of that. Selectman Maddox asked how many subscriptions to the Union Leader and Nashua Telegraph does the town get. Mr. Malizia said one Union Leader and two Telegraphs. Selectman Maddox said here they go with the real item, 5410-252, the 192,000. He knows Mr. Michaud put in there they need to reassess on a regular basis. Mr. Michaud said it's not in the budget. Selectman Maddox said OK, he'd stick with the budget and then go back.

Selectman Robinson asked Mr. Michaud to address 5410-234, 35 and 36 regarding lodging, registration and education reimbursement and why he needs 2600 bucks this year to do that. Mr. Michaud said there are two full-time positions in the Assessing Department and two part-time positions. 234 is lodging. That is what you are out of town at a conference, or at a seminar. That money is intended to fund the lodging for whichever employee goes to that conference or seminar. Registration fees, which is line 235, covers conference registration, both within the state and out of state for whichever member of the office is going to go to that. Line 236 is education reimbursement, which is basically that staff would be able to get education, in terms of keeping up both existing assessing credentials, as well as increasing their knowledge base for what is always changing. A couple of years ago, they never heard of life style centers, and that has been a hot topic of late. He can't predict what's going to come down the line, but if they fund for education, they'll be a lot better off in terms of explaining it to the Board, as the Board of Assessors.

Motion by Selectman Maddox to decrease Cost Center 5410-103, Salaries, Temp, by \$2,000 from \$3,089 to \$1,089, seconded by Selectman Nadeau for discussion.

Selectman Maddox said, again, as all of the citizens have to tighten up, this is nice to have for vacation coverage, but it needs to be handled. It's not a lot of money, but they've got to chip away at something. Selectman Massey said he intended to vote against this because if this motion fails, he will introduce another motion for \$2,000.

Vote: Motion carried, 3-2. Selectmen Jasper and Massey voted in opposition.

Selectman Massey said it's time for the citizens to have a little relaxation from assessing this year. Quite honestly, if they were going to tell them they were going to have another assessment round next year, they'd have a revolt, so he would not be in support of the \$160,000 appropriation. Chairman Jasper said there is no warrant article requested. Selectman Massey said Mr. Michaud was going to ask to have it added to the budget because it's on the backup, but not the submission. Mr. Michaud said he's asked the Board to put money into the budget to cover a property value update for April 1 of 2009 for the 2009 tax year, as opposed to 2008, which is next year. That's a two year schedule. They did do that

before, 2002 going into 2004. If the market is stable, then that's money that would be budgeted they wouldn't use. If the market is not stable from April 1, 2007 to April 1, 2009 and decreases significantly, and they have an assessment ratio that's well in excess of 100%, and they went through in the mid-90's. He wants to be able to put the Board in a position to have the funding in place to get values readjusted town wide. If they are able to catch the apex of the market, or almost the apex of the market with the reassessment this year, he's got to believe they'd be just as willing to do it, if the market were to decrease. He understands it's a matter of priorities, and it may not happen in 2009, or at all--it could happen in 2010, but he thought it was his responsibility to ask the Board and explain his rationale for it. They go to the Board, but they go to him, as well, with matters where assessments might be in excess of market value. He has precedence on this. He was here in the mid-90's, and some of them on the Board were here, and he knows what they went through, so that's why he presented it. It's a matter of priorities, but he just wanted to be able to get his statement on the record.

Selectman Massey thinks people are probably going to need a break from assessing. Selectman Maddox said they are not getting a break from assessing. What they are getting is they are not re-evaluation. They are going to equalize, based on home sales. Mr. Michaud said they have no property value update process outside of the \$160,000 that he proposed. Chairman Jasper said the state equalizes for the purpose of reporting only. That's all it is. It has no other value. He had a discussion with Mr. Michaud about this, and he thinks this may not be the year, the way things are shaping up, but this may be another good cause, perhaps one of the better ones, for a capital reserve account, with the Board of Selectmen as agents to expend, so that if there were some wild swings in the market, they would be able to respond. If things stayed stable, they wouldn't have to redo a revaluation for a number of years, but to establish that fund to be able to respond to it, he was thinking of putting \$50,000 from the undesignated fund balance. He's thinking less of that idea as they are looking at the numbers for this year, but that was what he was thinking. Selectman Maddox said he agreed with that thinking. Why can't they put it on the warrant for \$1 and see if the citizens agree with that? Chairman Jasper said they could certainly do that. Selectman Maddox said at least they could see if the precedent was there, then they could decide if that's something they wanted to then budget for. Chairman Jasper said \$1 or \$5,000, whatever they wanted to do. That's probably a good idea. Selectman Maddox said in his mind, it was a balance between the two because it's something that, again, they always get hit with this big number; it would make a lot more sense if they saw they had X amount of dollars, but it has been stable, keep putting money in and if you need to spend it, spend it. Chairman Jasper said this is where he'd absolutely fight for the Selectmen as agents to expend, as much as he doesn't like those accounts. The whole purpose of this would be able to respond in a timely fashion to a problem, and the only way to do that would be through the Board. Besides, it would be very difficult for people to vote to expend the money to have their house revalued. Obviously, if they felt the assessments were way down, that would be one thing, but just in the normal course of business, it would probably be... Selectman Maddox asked if the Town Administrator could work up a draft for them to view at a later meeting. Mr. Malizia asked if it should be \$5,000 saying \$1 looks too nefarious. That would raise his suspicions if he saw \$1 on a warrant article. Chairman Jasper said OK.

Town Clerk/Tax Collector (5030)

Patti Barry said this was her first budget, so she used Cecile's budget worksheet, as a guide. She tried to prepare a level-funded budget. Aside from salaries and benefits, there are a few adjustments, but she was pretty successful coming in level-funded. She was requesting an increase in the postage account of 5178. With the postage increase this year, that would have brought them over budget and there is a process they have to follow for pending liens, impending deeds, mortgage notification and the dog warrants; they all have to go out by certified mail. This year, they sent out 1,100 certified mailings, but only 400 was budgeted. The certified mail is 521, a real substantial increase in the budget. This year's budget was decreased \$4,000. There are a couple things broken down in the backup. Account 5030-238, she was able to decrease the bursting account. She will be using money from 250 to try to cover some of that postage increase. That leaves her with a 5178 amount that she is asking for an increase on.

Chairman Jasper said looking at what the actuals were for the previous years, and when they budgeted \$30,000... and as of September, is that... Ms. Carpentier said there is about a month lag in it, but it's in March or April where they mail out all the dog licenses and that kind of stuff. Ms. Barry said their highest postage is from February through June. Chairman Jasper asked how they justify even from \$20,000 to \$30,000, a 50% increase, and now going up another 20%, 70% in two years. That's over actuals and doesn't make sense. Ms. Barry said for this year's actuals, their impending liens and deeds were late this year, so all of the costs associated with that are now included in this year's budget, so it's not reflected in last year's actuals. They all hit in July, so she will have to cover it in this year's budget, and she is expecting to go over budget for that reason. Chairman Jasper said even at \$5,000 for two months, five times six is \$30,000. The other is higher, but it would seem if she took that out... again, it's hard to see 70% in two years. It's really difficult. Ms. Barry said with the real estate market the way it is, the previous year, they've seen a major increase in the number of delinquent taxes, so all those notices are increasing each year. He didn't anticipate that coming down in the next year or so.

Motion by Selectman Massey to decrease Cost Center 50-30, line item 238, Postage, from \$37,178 to \$25,000 seconded by Selectman Maddox, for discussion.

Selectman Massey said he was looking at the historical backup. He knows postage has gone up two pennies, but the Chairman is right. 70% in two years, they're not seeing that type of increase in what's going on in town, he didn't think. Selectman Maddox said he wouldn't vote for this, but he would make an amendment after this to bring it to \$32,000 which is a compromise. He thinks they are going to have more quantity, not so much the price per piece, but the quantity of letters. Selectman Robinson asked if Ms. Barry said there was going to be a carryover this year from last year for the bills that didn't go out. He asked how much that was in dollars. Ms. Barry said about \$2,000 for just the impending liens and

mortgage notices that they did. That is usually done in the May timeframe. Selectman Robinson said so there is already \$2,000 built in, carrying over. He asked what percentage of her business was sent out certified and the cost of doing that, versus... they keep hearing two cent stamps here, but the postage is really more involved with more than two cents for each one. Selectman Maddox said it's on the backup. Selectman Massey asked if the carryover was for fiscal 08. She brought it over from July of this year, so she is going to pick up the cost in this budget, not the budget they are working on, so it's not included in that \$37,000. It's included in the \$30,000. Ms. Barry said that was correct. These are the actual numbers that they did send out, and she is required to send everything certified mail when it has to do with the dog warrant and the impending lien and impending deed process--\$5.21 per. Selectman Robinson asked how many of those there were. A lot? Mr. Malizia said 1,100. Ms. Barry said and only 400 had been budgeted for.

Chairman Jasper said he had a question on motor vehicle registrations, which is \$10,000. How much of her business is done that way? Is there a way to winnow out the people who don't use it? For instance, in the family business, he can't use it for the fact a couple of their vehicles have to be registered over to Salem, so he isn't going to do a few by mail and then go to Salem for the others. He was wondering if there was any way to ask people to do something to reduce that because that's a lot of mailing. Ms. Barry said they get a lot of phone calls from people who call and ask them why they haven't gotten a notice because they are looking for that. It's easier for them to do a mail-in, rather than coming into the office. They are, right now, researching on-line billing services with the IT Department. Hopefully, that will alleviate some of this, but it's still going to be fed off of monthly mailings. Chairman Jasper said if they have on-line, wouldn't that reduce that? or do they still have to mail them something? Ms. Barry said it still includes monthly mailings.

Vote: Motion failed 1-4. Selectman Massey voted in favor.

Motion by Selectman Maddox to reduce Cost Center 5030-238, Postage, by \$4,000 from \$37,178 to \$33,178, seconded by Selectman Nadeau.

Selectman Robinson said he was going to vote against it because the backup showed exact numbers that she is mailing; they aren't assumed numbers. Her numbers are pretty much on the button as to what she has to mail. To say otherwise would be foolish. Chairman Jasper said he would disagree to some degree. They don't know how many dogs are going to not comply in two years; they don't know how many lien notices are going to go out in two years. The weekly mail and dog letters, yes, but they don't know exact numbers. Selectman Robinson said they just got their monthly update from Chief Gendron, and his numbers are pretty much right in line with these numbers, up to and including 800 dogs that aren't registered. Chairman Jasper said he had a feeling that after this year's process, they'd see that number go down dramatically. People aren't going to go through this again. They are going to smarten up after this year. That is normally what happens. Selectman Maddox said hopefully, by 2009, they will be on line for Fluffy's registration. There won't be so much heartburn to come in, even with the better hours. It's a problem that will be solving itself after this year.

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

Selectman Maddox said 5030-234 lodging. He didn't see any conferences and wondered where she was going for \$800. Ms. Barry said this was allowing for either her or the person elected in March to attend the annual Town Clerk conference and annual Tax Collector conference. Both of them offer numerous workshops that are going to be invaluable to the person coming into office. The average is \$400 per conference. Mr. Malizia said they are held up north in NH somewhere, and it requires more than one night's worth of lodging. Ms. Barry said it's usually a three-day conference. Chairman Jasper said this is a new line and there is a school of thought that when you're an elected official, you pay your own rate.

Selectman Massey referred to line 252, professional services, he knows they've been doing book binding, but they haven't spent... \$5,700 is the most they've ever spent. He asked why she was carrying forward the \$6,600. Ms. Barry said she was going to cut that down, but she was including the annual fees for an on-line billing service. If they go with the registration, it's going to be \$600 a year for services. They are looking at another company that will be about \$900 a year, so she is building that into that account.

Community Development Department (5571, 5572, 5581, 5582, 5583)

Director of Community Development Sean Sullivan said the operating costs for the Community Development Department are down 1.6%. Everything being requested is level-funded, or less. There are five sidebar issues, if the Board would like to discuss those at the end of the presentation. There are no warrant articles proposed and no new employees or new positions proposed. He just tried to follow the direction the Board had set a couple months ago, to come in with a level-funded budget, and that's the goal.

Selectman Maddox asked what number he used for gasoline. Mr. Sullivan said the number that the department heads agreed on, which was \$2.15. Approximately 2,600 miles would equal \$5,590 in account 5571-304. Selectman Maddox said that's for all departments, not just planning—zoning is in there and all the gasoline is in that one department. Mr. Malizia said yes. Chairman Jasper asked if anyone had anything else, adding that he was trying to find... couldn't be \$700 chairs because it says chair-desk replacement, \$500. He's sure Selectman Maddox would have picked up on that. He asked Mr. Sullivan to check his crystal ball into what he thinks FY09 will bring, as far as building, building permits, zoning enforcement, all those types of issues.

Mr. Sullivan said with building permits, he would expect a moderate decline. They are noticing that the number of larger homes, even in approved subdivisions, is really not happening. There are not too many spec houses built. It's basically, wait for a buyer who has cash or an approved loan, who can then buy a home. Those have slowed down in terms of the number of permits. He believes they issued 457 building permits for new construction, adding to scratch that because it included renovations, as well. He would expect a moderate decline. Hudson is a busy place. They get inquiries weekly. There seems to be plans submitted to the Planning Board on a regular basis, but in terms of subdivisions, clearly there's been a slow-down in the volume of plans submitted, but it never ends. In terms of Code Enforcement, he was just reviewing the latest chart for this year, and there has been about 147 code enforcement actions taken. They have three pending court cases, a site walk scheduled for later this week, and they've had two sites they've brought to court to litigate, after extensive efforts on behalf of the department to try to resolve the issue that, ultimately, when the property owner got their summons in the mail, one owner brought it into conformance that had lingered for a long time, and the second is in the process of filing an application for site plan approval with the Planning Board, which is a compromise. It's half the objective they were seeking from the property owner. The complexity and the questions they get asked, and subsequently issue permits for, seems to be increasing in terms of complexity. Maybe it's because there are more renovations taking place today than there are new buildings, per se, and maybe some of the homeowners have questions. They are not builders. It's more affordable to go up and not out, and they are clearly seeing that trend. The inspections are becoming more challenging. Typically, when you have a builder who, on a regular basis builds homes, they generally know the rules. It's good to have that second set of eyes, which is the service the town provides, but for folks who are not in the building business, they try to enlighten them, and that's certainly to tell them when they are wrong and approve a permit when they are right. Those types of inspections are increasing in complexity, but not necessarily in volume for new homes.

Selectman Maddox moved to decrease Cost Center 5582-101, Building Salaries full-time, by \$50,000, from \$101,989 to \$51,989, seconded by Selectman Nadeau.

Selectman Maddox said he was just talking about the position and, again, he looks at this report, the code enforcement, and of the 15 items that are on for September, three of them are picking up signs that they can have Highway do in a heartbeat. That means 12 action items were on the list for the entire month. They need to start looking at value. He didn't see, for the total of \$75,000 for that line item, that they are getting sufficient production, whatever you want to call it, out of it. Again, they need to look at the need versus want. To cut the budget, the building inspector could handle 12 additional calls, since they are going to have building down, hopefully, in Hudson, and this is an area that, unfortunately, they have to start looking at the big ticket items and picking off paper is not the way they are going to get anywhere near the budget number they are looking for. He made the proposal to see where it goes.

Selectman Massey said if they were intending to eliminate a position, \$50,000 won't do it, or will it? Selectman Maddox said he was leaving some money in there to hire a consultant for a special entity. He left some money in there; he didn't wipe it out completely. There is another additional \$25,000 if you consider salary and benefits. That's why he reduced it only by 50, so there would be additional monies, but he can amend that. Selectman Massey said if you take \$50,000 out of there, you also have to take monies out of the other line items, the FICA, health, life, disability... Chairman Jasper said if this motion passes, then the Board could direct the Finance Director to rework those numbers. Selectman Maddox said he didn't want to get into doing all those numbers, if it's not going to go anywhere, but again, he's putting it on the table to see where it goes. Ms. Carpentier said if his intention was to leave some of it for consulting, it can't be left in the 100 line. Selectman Maddox said if this passes, he will put money into the... Chairman Jasper said they should really take the full salary amount, which should be in the backup. (Talking back and forth and over each other.) Selectman Maddox said, again, he was just trying to see where they are going.

Vote: Motion carried 5-0.

Chairman Jasper said the Finance Director could take that as direction to take out the rollup money. She said that would be a total of \$75,380.

Motion by Selectman Maddox to increase line 252 from \$82,440 by \$10,000 to \$92,440, seconded by Selectman Nadeau, carried 5-0.

Selectman Maddox wanted to talk about some of the items that was on the secondary sheet, which was located in the big book, as backup, a memo that was written by the Community Development Director. Mr. Sullivan said the first side bar item was 5582-402. The Building Inspector currently uses a 1996 Ford Bronco with over 91,000 miles on it. It is somewhat unreliable, pulling to one side, the tires are balding again and it gets only 10 miles per gallon of gas. It was previously used by the Fire Department, and they put hard miles on their vehicles. He had spoken to the Police Chief, who has an 06 Crown Vic that he'll be trading in in July 08. He'll get \$5,000 for that trade, so rather than come to the Board with a lease payment, which is an option, but after talking with Steve and Dick, he thought it'd be more cost effective to request a \$5,000 appropriation and get what they could at auction or trade-in for the Bronco and get the 2006 Crown Vic from the Police Department. Chairman Jasper admires the Police Chief, but he didn't think they were going to appropriate money. This type of thing is what they agreed to do last year, and they will just take that into account when the Board does the Police Department's vehicle budget. Mr. Malizia said the Police Chief does his budget net of the trade-in, so if the Board moves a vehicle over... Chairman Jasper said they'd take that into account, if the Board agrees to do this. Selectman Maddox said it's a moot point; they have a spare vehicle. They just eliminated a position that had a vehicle. Mr. Sullivan

said that position would be using the 02 Ford Explorer. Selectman Maddox said to negate the first one, right off the bat. Chairman Jasper agreed, and there was no opposition from other Board members.

Mr. Sullivan said the next one was 5582-101, a request to upgrade the Building Inspector to Inspectional Service Chief. A recent analysis demonstrated that the salary of the position of Building Inspector/Health Officer for a town the size of Hudson is among the lowest of comparable sized NH communities. The proposed salary range would be \$47,708 to \$63,727 in the Supervisors' contract, so this would be moved out of the Admin & Support contract. This salary would be on the same scale as a Civil Engineer. The proposed salary would be \$54,117 which represents an increase in salary of \$2,866 in year one.

Motion by Selectman Maddox, seconded by Selectman Nadeau, to increase 5582-101 by \$2,866 for this purpose.

Selectman Maddox said after the last motion to reduce some personnel in that department, it's important to realize the work that this job entails. Selectman Massey asked if he was changing line item 101 by adding an additional \$2,866. Chairman Jasper said that was correct. Selectman Massey said the budget cycle was the wrong time to be talking about job changes. If they are going to do it, they should be in a workshop where they have enough time to really think about it, so if his intention is just to add the money, he could support that. If it was to support the change in job title, he would not be supportive at this time. Chairman Jasper said they cannot change a job title through the budget. This would allow the money to be there and available, if the Board chose to make that decision, which would have to be done in a different setting. Selectman Massey asked if it would be done in a collective bargaining operation. Mr. Malizia said it's a two step dance. First, they'd have to decide what they want to do, and then if it has an effect on a collective bargaining unit, which this would, that's the second step of the dance. Chairman Jasper said this gives them more flexibility to make that happen.

Vote: Motion carried 5-0. Chairman Jasper asked Ms. Carpentier to adjust the rollups accordingly.

Mr. Sullivan said similarly, the third item, account 5582-101, the request is to upgrade the position of Administrative Aide to Executive Secretary. The job responsibilities for this position have changed with the new computer system and, as such, a reclassification is recommended. A proposed salary range is \$35,060 to \$46,218 in the Supervisors' contract, which would also be a change from Admin & Support. The proposed FY2009 salary would be \$40,080 which represents an increase in wages of \$1,405 in year one. A job description is attached and much like the last line item, this is simply so the money is available, should he be able to convince the Board to adopt that at a future date. Chairman Jasper asked for the pleasure of the Board, but there was no response.

Mr. Sullivan said there was another request for 5582-101, to upgrade a position of Secretary to Administrative Aide. The job responsibilities have changed and customer service has been enhanced and improved within the last several months. This position would stay in the Admin & Support union. The existing salary range is \$14.55 per hour to \$17.25. The proposed salary range is \$15.12 to \$18.71. The proposed FY2009 salary would be \$16.90 which represents an increase of \$957. This would simply be so there is money in the budget, should a future decision be made. Chairman Jasper asked for the pleasure of the Board, but there was no response.

Selectman Maddox said Mr. Sullivan didn't need to even read the next one. At \$225,000 he might as well save his breath and the Board's time. Chairman Jasper said unless someone were to make that motion, there's probably no sense in having a discussion on Riverwalk. Selectman Robinson so moved. Chairman Jasper said Selectman Robinson was moving to budget the \$225,600. Selectman Robinson said no, he wasn't.

Selectman Maddox said Mr. Sullivan was coming in to the Board's next meeting to talk about adjusting fees and asked if he had a crystal ball project as to what he thought those numbers would be. Mr. Sullivan said yes.

Mr. Malizia said for the meeting on Wednesday night, they would be covering the Fire Department, he would be covering Engineering for Mr. Sommers, who is still absent, and he'll also cover the Water Utility because he has always done that, and the Recreation Department will be reviewed.

6. Adjournment

There being nothing further, Chairman Jasper said they stood adjourned at 9:35 p.m.

Recorded by HCTV and transcribed by Priscilla Boisvert, Executive Assistant

HUDSON BOARD OF SELECTMEN

Shawn N. Jasper, Chairman

Benjamin J. Nadeau, Vice-Chairman

Kenneth J. Massey, Selectman

Richard J. Maddox, Selectman

Douglas K. Robinson, Selectman

Monday, October 15, 2007

Highway	(5515, 5551 to 5556)
Solid Waste	(5970)
Sewer Utility Ops & Maint.	(5562)
Assessing	(5410)
Town Clerk/Tax Collector	(5030)
Community Development	(5571, 5572, 5581, 5582, 5583)

Wednesday, October 17, 2007

Fire Department	(5710 to 5770)
Engineering	(5585)
Sewer Utility	(5561, 5564)
Water Utility	(5591 to 5596)
Hydrant Rental	(5960)
Recreation	(5810 to 5840)

Friday, October 19, 2007

Community Grants	(5920)
Trustees of Trust Funds	(5020)
Cemetery Trustees	(5025)
Moderator	(5041)
Supervisors of the Checklist	(5042)
Cable Committee	(5045)
Town Treasurer	(5050)
Budget Committee	(5070)
Ethics Committee	(5080)
Conservation Committee	(5586)
Library	(5060)
BOS/Community Center	(5110, 5120, 5125)
Town Poor	(5151)
Legal	(5200)

Saturday, October 20, 2007

Police Department	(5610 to 5673)
Information Technology	(5330)
Finance	(5310, 5320)
Insurance	(5910)
Patriotic Purposes	(5930)
Other Expenses	(5940)