

## Town of Litchfield

Selectmen's Meeting

March 12, 2012

Members present: Steve Perry, Chairman  
John R. Brunelle, Vice Chairman  
Frank Byron  
George A. Lambert  
Brent T. Lemire

Also present: Jason Hoch, Town Administrator

5:00 p.m. Review of Paperwork and communications

6:45 p.m. Non-Public RSA 91-A:3 11(a) & (b)

7:00 Call to order

### **PLEDGE OF ALLEGIANCE**

All rose for the Pledge of Allegiance.

### **Review of items for consent**

1. Minutes of February 27th
2. Elderly Exemption applications
3. Veterans Exemptions
4. Permit for LMS Cross Country event 4/15/12
5. Veterans Credit application

### **Approval of Consent Items:**

Selectman B. Lemire motioned to approve the items for consent. Selectman J. Brunelle seconded the motion. The motion carried 5-0-0.

### **Request for Items – Other Business**

Selectman S. Perry would like to discuss new contract for Town Administrator  
Selectman F. Byron would like to discuss Conflict of Office Policy

### **Appointment of Treasurer**

Appointment of Sharon Harding Reed for a 1 year term. There is no clear direction in state law for an appointed Treasurer therefore the Board can opt for a one year or indefinite appointment term. Selectman B. Lemire motioned to appoint Sharon Harding Reed for a 1 year term to the position of Town Treasurer. Selectman G. Lambert seconded the motion. Selectman J. Brunelle asked why we are not going to the voters to ask for a 1 year or three year term as we did for the Fire Chief. Selectman

Byron stated that the reason was when the petition warrant article to provide the ability of the Selectmen to appoint the Fire Chief was put through, it contained no term specified and because of that it was approved with an indefinite terms assigned. It was a decision of the Board that we didn't want to have indefinite and we went forward with a warrant article this year to define the term as three years; it was subsequently amended at the Town Deliberative session to a 3 or 1 year term. In this particular case, because there is under state law the term of the Treasurer has only options to assign it a 1 year or indefinite term. Administrator Hoch stated that in the elected position there is an option for a three year term. The motion carried 5-0-0.

Selectman G. Lambert thanked Sharon for doing a great job.

### **Appointment of Fire Chief**

Selectman B. Lemire motioned that the Board of Selectmen appoint Francis Fraitzl as Fire Chief for the Town of Litchfield effective March 13<sup>th</sup> 2012. Selectman J. Brunelle seconded the motion. Selectman B. Lemire stated that as far as the terms goes, we are going to be subject to Town Meeting.

Administrator Hoch agreed that it is subject to Town Meeting. Selectman F. Byron motioned to amend the motion to appoint the Fire Chief for a one year term as well as to appoint him for the Forest Fire Warden position. Selectman J. Brunelle seconded the motion. Selectman B. Lemire withdrew his first motion and Selectman J. Brunelle withdrew his second. The motion carried 5-0-0.

### **Public Input**

No public input

### **Administrator Report**

#### **New Business**

#### **Fund Balance Policy**

As one of the requirements of the GASB 54 accounting standard we need to have a fund balance policy in place. The auditors provided some recommendations and Mr. Hoch had a couple of other policies from some other Towns. Traditionally, the way we thought about fund balance is expendable and non-expendable and that is what you would see in auditor reports. What this new accounting standard has done is actually break those into five different groups; non-spendable, restricted, committed, assigned and unassigned and they have done away with the expendable/nonexpendable breakdown. The underlying concepts are still the same; this doesn't magically free you up to start spending money that you couldn't have otherwise spent, it simply changes how you bundle it on the books. What this does is define five categories, non-spendable; which are basically permanent trust funds, inventories, restricted funds; funds that are restricted for specific purposes, grants, library, the income of permanent funds, capital projects, pass through grants; those restrictions can only be changed with the consent of the fund provider. Restricted funds are things that we can't change through an act of the Town, whether that is an act of the Selectmen or an act of Town Meeting. Committed Funds are those that can only be used for specific purposes pursuant to a vote of Town Meetings; expendable trust funds, capital reserves, non-lapsing appropriations. Any change can happen only through Town Meeting. Assigned - are those that are intended by the Selectmen for specific purposes, so in general this would be your encumbrances that you would do at the end of the year. The Board of Selectman has the authority to restrict those funds, and those things that are left are the Unassigned fund balance which is what we traditionally have called

the undesignated fund balance. We need to be able to specify when we have something that can be paid for from one or more of these types. First we would use restricted funds, before we would use unrestricted funds, we would use committed funds then assigned funds and then unassigned funds. The unassigned is the lowest priority; you always use something that has some commitment to it if it is eligible. The next piece is a minimal level to retain an undesignated fund balance. What Mr. Hoch has put in this policy is a recommendation of between 5 and 17% of general fund operating expenditures and that includes Town, School and County appropriations. Those numbers come from two standards that are used; one by Department of Revenue and one by the Government Finance Officers Association, that calculate just a shade differently the base number, but those are the numbers that DRA tests us against at the time of setting the tax rate for reviewing whatever we are using for fund balance. The Board may choose to use additional measures to determine appropriate level of fund balance. At no point of as a result of discretionary policy choices should fund balance dip below that minimum threshold. In terms of the use of the undesignated fund balance, the Board of Selectmen may appropriate any amount of the undesignated fund balance in excess of that minimum target balance to offset taxes, those excess funds may be used subject to Town Meeting approval for capital improvement projects, equipment replacement, establishment of trust funds or other similar budgetary needs like the article this year for the roof, and setting up the public works capital reserve. There is the chance that there are those emergency conditions outlined in municipal budget law where you can spend more than the appropriation and in such an emergency, if approved by DRA, that money comes from your fund balance. The last piece is this does require an annual review and one of the recommendations that Mr. Hoch got back is that we have several policies we annually review in April; this is a good time to check back on that policy so this will be added to that bundle.

Selectmen F. Byron stated that the question is for GASB 54 compliance,; are we required to comply with GASB 54 through the State DRA? Mr. Hoch stated that we are not required to comply through DRA; the auditors will request that we comply. Mr. Byron asked if by complying with it are we going to be in contradiction to DRA requirements? Mr. Hoch stated no, this is consistent with DRA who is actually working on re-stating some of the terms they use to make sure they are consistent with these GASB 54 terms. Mr. Byron stated that he is worried about if we get into a situation that we have different accounts of account structure then we are used to in the past. Is this going to create a conflict with our accounting with DRA? Mr. Hoch stated No, because they are looking at the same unassigned number. What we are calling unassigned is still going to be unassigned to them, and this is a requirement. Mr. Lambert asked what would happen if we end up in a situation where we need to replace a bridge because of a washout (which happened a couple of years ago). Mr. Hoch stated that this policy changes nothing that you wouldn't have otherwise done in the past. Mr. Lambert stated that he understands this but he wants to talk about the designated/undesignated fund balance and needing to go to DRA for emergency spending. The situation we ran into back then was where do you get the cash, we have to pay for this right now, we are going to get reimbursed for it but from a cash flow perspective we have to pay contractors. When you are talking about how these things are categorized under GASB 54, if we have money that is sitting in impact fees or somewhere else, can we borrow from ourselves? Mr. Hoch stated no. We have to go out and borrow from the outside. The impact fees were restricted then and they are restricted now as well. Mr. Hoch stated that the classification into those categories does not change the way we behave today or behave when this policy is passed. This is simply taking what had been two buckets and breaking them out into five buckets. What is a new statement that we

have not stated anywhere is the minimum level of unassigned fund balance and those ranges, we are expected to fall in those ranges and not dip below them, but DRA will advise us not to go below that 5%. Mr. Byron had another question concerning the 5 to 17% range; He believes the auditors stated that we should be within in the 8 to 12% range not the 5% to 17% range. Mr. Byron questioned on the 5% level really deals with what period of time. If you look at it in a full year period that is one number, much larger, but if you look at it on a six month period it is a different number, much lower. Mr. Hoch stated it is a full year; it is a full Town, School, County appropriation. That is measured in a 12 month period. Mr. Byron asked if the reserve fund balance is calculated based on the annual operating expenditures or should you be using the appropriation amounts? Mr. Hoch stated that it is appropriation. Mr. Byron stated that should change to appropriation not expenditures, because expenditures; you will be in the neighborhood of \$20 mil for the School plus \$5 mil for the Town, that is \$25 mil. Mr. Hoch stated that the 5% number (for reference) in 2011 at the the tax rate setting, the 5% number was \$813,331.00; the 8% number was \$1,301,000. Mr. Byron stated that the numbers given by Mr. Hoch are generated using appropriations and not operating expenditures. Mr. Hoch stated yes that they are Town, School, and County appropriations. Mr. Byron stated that we should change this policy to calculate the reserve fund balance using the amount of annual appropriations. Selectman Lambert asked that if we need money we can spend that money during the year for cash flow to make school payments in July or is that one of those we are holding money until December for the County and that is or is not a restricted fund balance. Mr. Hoch stated that no during the year, that is not restricted, it is like any other bill; it is payable in December. Mr. Hoch stated that our total property tax commitment for last year was \$14,267,000 (Town, School, County combined), the County portion of that is \$887,000. The Town's actual property tax commitment was about \$2.7 mil. Mr. Hoch stated that when we ran the numbers last year using what does six weeks look like; it was about \$1.4 mil. And that was the ball park number when the auditors came in they said that is the right target. The 17% is an upper threshold that is a GFOA standard as an upper cap. Mr. Hoch wanted to mention again that what this policy is doing is really not changing any action or changing any requirements; we are simply restating the balances that we have in a different way, and stating into a local policy for the first time. Mr. Byron had a question dealing with tax anticipation notes; the question really is should we put something into this policy that discusses the issue of the Board having to take a tax anticipation note; we have been approved by the residents of Town through vote of the Town Meeting for the Selectman to take a tax anticipation note if we have to in the case that our funds go dangerously low, should we put something in this policy that says the Selectmen should consider a TAN and if we hit a certain percentage (3-4%). Selectman Lemire stated that wouldn't we be co-mingling something that should be maybe a separate policy with a fund balance policy, he would like to leave this as is and if you wanted to do something separate. Mr. Byron stated that his point is that this policy is setting what a fund balance level is going to be, this policy will set it between 5 and 17%, there should be a trigger somewhere that say okay Board you are now getting into dangerous waters, you should consider it because you are going to be in a situation where you say you're at 4% and you have this much run time left at the 4%. Mr. Lemire asked if Mr. Byron was saying 4% on the fund balance or 4% on the budget balance, because you would only take a TAN if your budget balance went below, not your fund balance, you wouldn't be taking a tan because your fund balance goes below, you would be taking a tan because your budget balance versus the collection coming in is at a dangerous level. Mr. Hoch stated that your trigger for a TAN is going to vary based on where you are, where your School commitments are and your ability to shuffle payments. This was a

great year because of the change in school revenues. Selectman G. Lambert stated that the Board of Selectmen based on the discretion and power of the people of this Town have an option any time to go and take out a TAN, we don't have to put it in this document to say this document is the rest of our policy and move on because the Board can take that up at any time and Mr. Hoch will give us good advice on that. Selectman G. Lambert motion to the Board of Selectmen that we approve this policy. Selectman B. Lemire seconded the motion. The motion carried 5-0-0.

### **Solid Waste Contract**

Our contracts for Municipal Solid Waste (MSW) and Construction & Demolition Debris (C&D) expire at different times, with C&D set to expire in July and MSW to expire in 4 years. Dave Mellen got competitive bids from three different contractors; Mr. Mellen has secured a combined contract from Waste Management for both MSW and C&D in the same contract with an effective date of April 1, extending 5 years to March 31, 2017. Rates are less than current charges with hauls at \$195 (compared with \$196.27 and \$200.85 now) and disposal at \$72/ton (compared with \$76.38 and \$74.15 now). Other disposal quotes received were all greater (up to \$96/ton). Dave estimates a savings of approximately \$7,000 this year. The contract does call for a 3% increase annually; however, it also states that the contractor agrees to waive both fuel and environmental fees for the duration of the agreement (this was a good addition by Dave – usually increases have been placed in these surcharges). Mr. Hoch stated that he is looking for a recommendation to Authorize Dave Mellen to sign the contract. Selectman B. Lemire motion to the Board of Selectmen to Authorize Dave Mellen to sign the new contract on behalf of the Town as amended. Selectman G. Lambert seconded the motion. The motion carried 5-0-0.

### **Revision to Legal Service Contract**

There is a copy of a letter from Jay Hodes as a follow up conversation that Mr. Hoch had with David Lefevre about changing last year of legal services contract from retainer to hourly rate. Rate proposed is \$170/hr which is consistent with the market rate. Selectman G. Lambert motioned to the Board of Selectmen to approve the agreement to change to an hourly rate with counsel subject to the agreement containing language that says we can go to other firms for specialty services at the Boards discretion. Selectman B. Lemire seconded the motion. The motion carried 5-0-0.

### **Old Business**

#### **Background Checks**

There is a revised policy in the folder. Mr. Hoch is looking for further comment if applicable and there are a few discussion points and then he will forward to counsel for review. Selectman F. Byron motioned to the Board to have the Town Administrator review with Town counsel. Selectman B. Lemire seconded the motion. The motion carried 5-0-0.

#### **Other Items**

The solid waste facility had LGC conduct 3 hour safety training – Lockout/Tagout, Blood borne Pathogens and general safety operations in order to satisfy state training requirements (the state stopped offering training last year). This is part of the benefit package we receive from LGC Property Liability Trust at no additional charge.

The Recreation Commission is spearheading the sale of compost bins and rain barrels. There is a couple in the Town Hall lobby. We get a special rate on them from the recycling coop that we work with. You can go online or come into Town Hall to take pre-orders. There is a delivery date sometime in April or May.

Administrator Hoch stated that we should pin down plans for a public meet and greet with the new Fire Chief. At one point, the 19<sup>th</sup> was discussed as an option after business meeting with the BOS. Selectman J. Brunelle suggested meeting him next Monday from 5:00 pm to 7:00 pm at Town Hall before the Selectmen's meeting. The meet and greet will be from 5:00 pm until 7:00 pm next Monday night at Town Hall.

### **Selectmen Committee and Community Reports**

Selectman F. Byron stated that he and Mr. Hoch went to the Town of Hudson and met with their Engineer as well as their Town Administrator on Thursday of last week and discussed the possibility of sewerage in Litchfield at the southern border where Hudson has sewerage which goes right to our border. The idea would be whether we could tie into the sewerage to satisfy any demand that would come out of the commercial district which is right on the Hudson border. Hudson seemed to be open to it and thought it was a good time to discuss it because what was going on is that they are starting discussions with the City of Nashua who processes their sewerage and the thinking was that being able to connect that in and to have us give them a rough number as to how many gallons of sewerage would be needed, we could then be able to have Nashua give us an estimate as to what it would cost. Mr. Byron stated that the other thing going on was the discussion that occurred on the Litchfield Boards which was a discussion concerning having a thought of having some level of natural gas supply for Litchfield. We took a look at that and the natural gas supply actually for Litchfield comes through right now the 102 corridor and goes up Cutler Road to the Adult Community on the big bend. This is where the natural gas line stops. Mr. Byron called the PUC and they were able to get Mr. Byron in touch with National Grid and the person from National Grid told him that he pulled the prints for Litchfield and found that the line going up Cutler is a 4" line which he said is a good thing because that line is used in other locations to provide whole Towns and Communities with natural gas services. He also told Mr. Byron that if Litchfield wanted, National Grid would be more than happy to install underground piping in preparation for the potential business in the area at their cost on any road construction we are doing. One of the things that is planned this year is the reconstruction of the intersection at Albuquerque and Page Road and Mr. Byron's thought was that we should probably install the natural gas line there and start them at least moving up Albuquerque with the idea that we would only have to go down Cutler a small distance if at some point we wanted to connect up Albuquerque. Mr. Hoch has talked to the Road Agent and the Road Agent is in touch with the person from National Grid and they are going to get together and discuss getting those gas lines put in. Mr. Hoch stated that he talked about it with the Road Agent and they have a construction meeting set up with the contractor, engineer, and everyone else in the next week or two and they are bringing National Grid into that meeting because we are at the right point to get it into the conversation for the time table, so the timing is perfect. When Mr. Byron spoke to the individual at National Grid he was told that gas service in the northern part of Town it comes out of Manchester down 3A (through the woods) and goes to the Adult Community. We could theoretically expand that line as well. Any time we open up a road they are more than happy to install the piping with

the intent that at some point we connect it up. Mr. Byron stated that he thinks the work we are going to do over the summer at the intersection of Page and Albuquerque Avenue would be a good time to get a stub put up Albuquerque some short distance as well as to get something put up and down Page as well. Mr. Perry asked a question as to whether they are going to put it in without a timeline for completion. Mr. Byron stated that they said they would do so.

### **Workforce Housing Analysis**

Selectman F. Byron stated that one of the things that he believes the Board was made aware of early this year/end of last year was a law suit that apparently happened in the community in terms of workforce housing by a developer and he believes that the community was sued and one of the things that saved the community was that they had an analysis that was done of their current needs for workforce housing which showed that they did not have a deficit of workforce housing. Mr. Byron knows that is one of the things the Planning Board has talked off and on for quite a period of time and would make sense for us as a community to ask our Code Enforcement Officer to do that study, and put together a report that would go to the Planning Board as well as to the Board of Selectmen. It makes sense and is a potential piece of work that can protect the Town in case we do get into a situation with a challenge to us not having a workforce housing ordinance. Selectman J. Brunelle temporarily left the meeting. Selectman F. Byron motioned to the Board of Selectman to direct our Code Enforcement Officer with the assistance of the Town Administrator to perform an analysis of the workforce housing needs and statistics for the Town of Litchfield. Selectman B. Lemire seconded the motion. The motion carried 4-0-0.

Selectman J. Brunelle returned to the meeting just after the vote.

### **Town Meeting Coverage**

Selectman S. Perry stated that he could make himself available whenever he needed to. It looks as though we have good coverage and Mr. Perry's plan is to show up sometime in the afternoon. Mr. Lambert plans on being their around noon. Mr. Lemire and Brunelle will be there until 9:00. Mr. Byron will be there all day with a short break in the afternoon.

### **Items moved from consent**

No items moved

### **Other Business**

Selectman Perry stated that there is a new contract for Town Administrator as we are coming near the end of the original contract that was drawn up. In the contract the Board came to the negotiated rate of \$85,000.00 which would start on April 1, 2012. Mr. Perry pointed out that that was the rate that was approved by the voters when we originally were asking for a Town Administrator. Some of the other highlights in the contract is that it is a two year contract that will go until April 1, 2014. We made a severability change so that Mr. Hoch has protection if a Board wants him out and the Board has protection as the Town has protection if there was any wrong doing. Mr. Perry motioned to the Board to approve this contract to go into effect on April 1, 2012, as it states. Selectman B. Lemire seconded the

motion. The motion carried 5-0-0. Mr. Perry congratulated Mr. Hoch on the new contract and thanked him for his services, this board and this Town has greatly benefited from Mr. Hoch being here. Mr. Hoch stated that he has enjoyed the opportunity and enjoys working with the Board and the staff and he appreciates that engagement and the he really enjoys working with this Board of Selectmen more than any other Boards he has worked with in fifteen years.

### **Conflict of Office Policy**

Mr. Byron stated that he was not present at the last Board meeting due to an illness and in reviewing the minutes of that meeting he saw that the Board had taken the suggestion of Town Counsel and deferred any further consideration of a policy for Conflict of Office. Mr. Byron had a discussion and sent his comment to Mr. Hoch for his consideration and it is Mr. Byron's thinking that the Board may not restrict elected offices due to state law but he believes the Board does have discretionary power given under state law to consider conflicts as we deem appropriate in appointed offices. Thus the Board can set up what we would consider as conflicting offices for appointments. There is already the ability of the Board to appoint the Treasurer, Fire Chief, Police Chief and the BOS also get involved in appointing members of various committees and commissions within the Town of Litchfield and it may make sense for this Board to consider whether we should put in place a policy that would structure how we as a board would approach appointment for those offices. As to whether or not the Board feels comfortable whether or not we should appoint candidates to an office if they are already an elected official we can control those appointments. Mr. Byron stated that he thinks it is within the Board's purview to do that. Both Mr. Lambert and Mr. Lemire agree. Mr. Hoch stated that he is happy to give it a shot and see how it goes. Mr. Lambert stated that it is his position that if anyone wants to participate in one of those conflicting offices they will need to resign the other office. Selectman F. Byron motioned to the Board of Selectmen to ask Mr. Hoch to draft a policy for Conflict of Offices and bring back to the Board at a future date. Selectman B. Lemire seconded the motion. The motion carried 5-0-0. Selectman G. Lambert motioned that the Board of Selectmen until that document is done and approved by this Board has a general policy that says if there is the appearance of any conflict that we will only accept a resolution that is letting the person with the conflict choose one office or the other. Administrator Hoch suggested that we defer those appointments that may be in that situation and if people are holding that dual type of situation, rather than change the rules mid-game that we would grandfather the existing situation and use this as a guide for future appointments. Selectman S. Perry seconded the motion. The motion carried 5-0-0.

Administrator Hoch stated that he confirmed that the new Fire Chief will be available next Monday between 5 and 7 pm. for the meet and greet at Town Hall.

Mr. Lambert stated that he hopes to see the public at the polls tomorrow and vote.

Mr. Byron stated that the Board of Selectmen will be losing a valuable member, Mr. Steve Perry who has served with the Board for the last three years and has also served on the Planning Board for many years before that. Mr. Byron made a motion that the Board of Selectmen hereby offers to Mr. Perry the best wishes for his future as well as much thanks for what he has done for this town his past many years. Selectman B. Lemire seconded the motion and added his congratulations for the service Mr. Perry has



done for the Town and considered it a privilege to sit and work with Mr. Perry as a member of the Board and wishes him the very best. Mr. Perry stated that he does not see this as a permanent situation, his family needs him at this time, and he has a lot more duties at home and work. Mr. Perry felt like he has served some time and will take a break for a little while and maybe do this again sometime in the future. Mr. Perry stated that he would like to say to the Board to anyone else in the Town that if special committees come up and someone is need to step up and do it, to keep him in mind, he is always interested in helping, he just needs a little more free time right now. Selectman Lambert stated to Mr. Perry that it has been a real pleasure working with him and that Mr. Perry is the one that suggested he become a Selectman. Mr. Brunelle thanked Mr. Perry and told him that he would be missed.

Selectman B. Lemire motioned to adjourn the public portion of the meeting. Selectman J. Brunelle seconded the motion. The motion carried 5-0-0. The public portion of the meeting ended at 8:30 pm.

Approved Board of Selectmen - March 19, 2012