

Town of Litchfield

Selectmen's Meeting

May 14, 2012

Members present: John R. Brunelle, Chairman
Frank Byron
George Lamber
M. Patricia Jewett

Also present: Jason Hoch, Town Administrator

Absent: Selectman B. Lemire, excused

5:00 p.m. Paper work review

7:00 Call to order

PLEDGE OF ALLEGIANCE

All rose for the Pledge of Allegiance.

Review of items for consent:

1. Minutes of April 30, 1012
2. Appointment of Marion Godzik and Richard Husband to Conservation Commission
3. Police Highway Safety Grant – enhanced DWI monitoring
4. Timber Tax certification and warrant
5. Approval of payroll, week ending May 13, 2012
6. Approval of accounts payable manifest dated May 10, 2012
7. Abatement of interest and penalties – Fairpoint Map 6, Lot 75

Approval of Consent Items

Selectman F. Byron motioned that the Board approve the items listed under consent. Selectman P. Jewett seconded the motion. The motion carried 4-0-0.

Request for Items – Other Business

None

Public Input

No members present

Highway Truck Replacement – Administrator Hoch, Jack Pinciario

Administrator Hoch stated that at the last meeting the Board requested hard numbers for lease proposals. We investigated paying for the set-up and leasing the chassis and then we also decided to look at putting the whole thing up for a separate lease which would free up more available cash for any other road work we need to do this year. Mr. Hoch went to 4 locations looking for quotes; vendor financing through

Ford and 3 banks for bank related financing: TD Bank, Peoples United and Bank of New Hampshire. Bank of New Hampshire will not do any lease purchases with a non-appropriation clause and we are still awaiting a quote from TD Bank, after two requests. In the general e-mail sent to the banks, Mr. Hoch rounded the numbers to \$30,000 and \$15,000 for set up. The quote Mr. Hoch received back from Peoples United is based on \$45,000. Ford's quote is based on \$44,000. Ford need an annual payment in advance, so there would be a payment made in 2012. Mr. Hoch asked if they would be willing to finance the 3 years on the chassis and count our payment to Donovan for set-up (roll it into their package) by processing that first \$14,000 through them. That was acceptable to them so we would make that first payment in 2012 with the available money, we would pay them and they would then pay that money out to Donovan; their offer is 6.6% interest and three future payments over the next 3 years of \$11,388.58, you would be looking at a total interest cost of \$4,165, the full cost of a \$45,000 package works out to be \$49,165.74. Peoples United will not do just the \$30,000 so they quoted on \$45,000 for 2 packages, both a 3 year and a 4 year, both of those have no payment in 2012, so the first payment would be in 2013. They have a 3.66% interest rate; a 3 year plan would have payments of \$16,647, \$16,098, and \$15,549, an interest cost of \$3,294 and a total cost of \$48,294, their 4 year plan shows the same interest rate of 3.66% with payments of \$12,897, \$12,484, \$12,073 and \$11,661 with a total interest cost of \$4,117.50 for a total package cost of \$49,117.50. The way that these end up breaking out, the difference in the cost of acquisition of these different plans is within \$1,000. So the questions to think through are what the Board's preferences are for cash flow and annual payment and do you want to make a payment this year and what payment level would the Board be comfortable with going forward for the next 3 or 4 years. Mr. Hoch stated that he would struggle to recommend a 4 year plan. The Board reviewed the quotes. Mr. Hoch stated that the set-up that we got from Donovan on this quote was \$12,600, the reason that we said between \$14,000 and \$15,000 is because we know we needed another \$2,000 for hydraulics, which was not on that list. Mr. Pinciario stated that the hydraulic package is for the sander. Mr. Brunelle stated that not only do we do business with Donovan but it represents the lowest bid based on the request. Mr. Hoch passed out the vehicle information. Mr. Brunelle stated that Mr. Hoch is suggesting we go with 3 years and Mr. Hoch stated yes that the question is if the Board goes with the 3 years, which approach do you want to go with, one has a payment this year and a higher interest rate but lower payments for the next 3 years and one has a lower interest rate, no payment this year and higher payments the next 3 years. Selectman Jewett asked how much money we have now that we can put up as cash. We have \$15,000 to go toward the truck, so we do have the first payment if we need to make a first payment. Mr. Brunelle stated that he is okay if we have to make a first payment this year. Mr. Hoch stated that People's is cheaper in the long run. Mr. Lambert stated he would rather preserve the ability to get road work done this year than take things out. Jack has opportunities come up to go and say I can go get this road work done because there is money sitting here and I can add it onto something else. Mr. Lambert would rather we make sure we take advantage of those than to pay more. Selectman Brunelle motioned that the Board approves the acquisition of purchase of a Ford chassis as described and body and to do a municipal lease through Peoples United Bank for not to exceed \$45,000. Selectman G. Lambert seconded the motion. The motion carried 4-0-0.

Administrator Report

Old Business

Transfer of Tax Deeded Property

All of the various official notices and timelines have been completed for transfer of property tax deeded

last year at 6 Bradford Drive. In reviewing likely options, Mr. Hoch would recommend transferring for \$1 the property to the Mobile Home Park owner Larry Olson. The individual mobile has been abandoned and either needs substantial repair or removal. Our removal costs would likely be in the vicinity of \$5,000. Mr. Olson has stated that he is interested in rehabbing the mobile and getting it back on the tax rolls as soon as possible. It is hard for Mr. Hoch to see that another option makes a financial sense for the Town. There was a question if there was an option to put up for a sealed bid. Mr. Hoch stated that you can. Mr. Brunelle asked about the back taxes owed. The back taxes are \$3,000. We have accrued lot rent for all of the time that we have owned it which amounts to about \$3,000. The Town owns it right now and as long as we own it we will need to pay rent, it is not in a turnaround condition that it can be rented. It needs rehab which would cost thousands of dollars, so our option would be to get rid of it which would run about another \$5,000. Our cheapest way to get out of this ownership is transfer it to the person who owns the park, who wants to get it fixed and get someone back in there because it is in his interest to get rent and in our interest to get paid taxes again. Mr. Byron stated that we are now making a sale to an individual, don't we as a governmental organization have to put it up for open bidding. Mr. Hoch stated that we can but we have the provision under tax deeded property to dispose of it in another manner. You can choose to dispose of property without going to a sealed bid if you feel it is in the best interest to do so. Mr. Hoch stated that a classic problem that most towns struggle with is the taking of mobile homes for unpaid taxes tends to be a real challenge, because there is not a high market value for resale so there is not a great way to recapture your lost taxes on it and you have a third party of a park owner who wants rent all of which are very different circumstances that when you acquire a single family house property outright. Selectman Byron motioned that the Board of Selectmen hereby agrees to enter into a contract of purchase with Mr. Olsen for the sale of the trailer taken by town for deed. Selectman G. Lambert seconded the motion. The motion carried 4-0-0.

Review of Manifests

Administrator Hoch stated that there is apparently an interpretation that signing manifests for accounts receivable and payroll in non-routine meeting weeks may constitute a meeting of the Board and should be treated as such. It appears that if we want to acknowledge that concern we should think about how we want to cover the approval of manifest in non-routine meeting times. Selectman Lambert asked if we know approximately how much those manifests are going to be for payroll and other things in the upcoming two weeks based on our cash flow projections and do we have a not to exceed number. Mr. Hoch stated that payroll is pretty routine, except for detail and overtime. Mr. Lambert asked approximate how much that is and Mr. Hoch stated about \$40,000. Mr. Hoch stated that it is guidance that the LGC is given people that ask them. Selectman G. Lambert made a motion that in between weeks where the Board is not meeting we delegate the ability to deal with the approval of payroll based on the projected payroll numbers to the Town Administrator and the Board will sign off on that payroll at the next meeting and that will solve the problem. The motion failed due to lack of a second. Mr. Hoch stated that he and counsel went back and forth looking for options; with payroll we don't have a ton of flexibility, there are Department of Labor rules about what you're paying. Mr. Hoch stated that the one change that involves some of that logic would be to change our accounts payable cycle to coincide with the business meetings of the Board, then at a business meeting of the Board authorize payroll and payroll derived expenses and the Board would then also approve those prospectively for future weeks between meetings. Counsel and Mr. Hoch do both agree that payroll authorization is really a ministerial function. The actual paying of employees for timed worked is governed by the

Department of Labor rules and there is little to no discretion after those hours have been worked. We contrasted that with accounts payable with which in addition to the routine expenses that folder may include items that the Board may wish to challenge, discuss, choose not to pay or defer payment, and with that level of discretion it makes it a little harder to pre-approve routine customary expenses. Mr. Hoch doesn't think you can split them but counsel thought that payroll can probably be split out and pre-approved. The other bundle that we came up with would be to actually schedule a Board meeting every week with the non-regular meetings being just signature meetings, the requirement is for at least three Board members be present at the same time on Monday; counsel also pointed out the you could rotate through at least having three people committed each week. Selectman Brunelle asked the Board how they want to handle this going forward. Mr. Brunelle stated that he has no problem with bi-weekly. Administrator Hoch asked that if we were to do this he would like to commit to coming back and checking at the beginning of September and make sure that approach is working for us and if we need to revise we will revise it then.

Old Business

Financial/HR Manager recruitment update

There will be interim coverage starting 1 day per week for core finance pieces. The coverage is from Carol Coppola and Associates, Deb Ahlstrom is our primary contact, she met with Linda before she left and was in last Thursday. The secondary pieces have transitioned over to Terri Brodeur and some things that Mr. Hoch is handling. The job was posted on the Primex and LGC websites and we have as of today about a dozen applicants. Review will begin on the 15th.

Minutes

Mr. Byron stated that he believes that other departments that are town organizations are obligated under RSA 91A should be putting their minutes up there as well.

A reminder has gone out to all Boards and Committees with guidelines the BOS approved last year.

Mr. Brunelle and Mr. Hoch reorganized the handling of electronic files to get convenience posting to the web faster. Mr. Hoch stated that he does have a backlog of non-public notes to get compiled and reviewed by the Board, most of which are intended to be sealed.

Mr. Hoch asked about minutes from the Fire Departments meetings. Selectman G. Lambert stated that The Fire Department does not have meetings of a public body. They are not elected officials, they are not a public body, they are employees of the Town. Employee and staff meetings do not need to be noticed, publically attended or have published minutes; RSA 91 has no provisions, only has to provide access to the work product of the outcome of those meetings not the actual administrative meetings because they talked about their policies and procedures having to do with public safety which are excluded from 91A. Mr. Brunelle stated that Mr. Hoch and he are working hard on getting the committee and board minutes published quicker and could put them into a similar format from all of the bodies that are sending them to us. Mr. Brunelle stated that when he first structured the website, the only boards that were required were; Selectmen, Budget Committee, Conservation, Planning, Recreation and Zoning. Mr. Hoch stated that 91A which applies to public bodies is aAny legislative body, governing body, board, commission, committee, agency, or authority of any county, town, municipal corporation, school district, school administrative unit, chartered public school, or other political subdivision, or any committee, subcommittee, or subordinate body thereof, or advisory committee thereto. . The Fire Department is a department of the Town; it is not a committee, commission or a

public body, it is a department. Mr. Brunelle stated that the official place for minutes is in the clerk's office in paper format and they are always there on time and available. Selectmen Byron's question was where are the minutes for the non-public sessions. Mr. Hoch stated that there are two sets of those; the ones that the board has cleared before, there is a segment of back log non-publics that this Board needs to get to that are brief, many of those however are ones that the Board has subsequently sealed. Mr. Byron's other question was that the Board should be reviewing non-public meeting minutes and approving them the same as we do other minutes. Mr. Hoch stated that he does have a back log and needs to get to those.

Personnel Policy

Mr. Hoch has shared a copy of draft personnel policy. Frank and Mr. Hoch have gone through the entire document. There are a handful of policy decisions for the Board to consider, those have been pulled out into a separate document so the Board does not have to hunt through the long document for them. Mr. Hoch suggest that the Board gives them some thought, ask questions and then discuss at the next meeting. The original foundation of the plan came from an LGC recommended document compiled by Mark Broth, labor attorney for Devine, Millimet & Branch, so Mr. Hoch thinks the fundamentals of the draft policy are legally sound. Mr. Hoch will be forwarding the document to our counsel for further review.

Goals

Mr. Hoch shared the compiled list with the Board at the last meeting, and wanted to see if there was any feedback and he has made the suggestion that members may want to take ownership of different ones as a point of contact. Does the Board want to do that or not, or does anyone want to sign up for any. Over the past couple of weeks we have been working on A, C, S and W.

Other Items

The auditors are finishing the report. Linda reviewed draft financials before she left. Mr. Hoch has been fielding last minute straggler questions as they arise. Mr. Hoch has gone over items they've flagged as potential notes and Mr. Hoch is preparing Town response.

DRA has provided equalized valuation for 2011 as \$775,413,989 which is slightly less than last year's \$788,368,473 (DRA's inventory adjustment has changed). Copies provided.

Page Road work will be starting on the 14th; between the 14th and the 31st. Page Road will be one lane between Aaron Way and Cutler Road.

Emergency Management Plan has gone out to all involved department heads for one additional review before completion.

The Fire Chief has pointed out that we need a rep to the Southern NH Hazardous Material Mutual Aid District which was not one of the items we had on our list of normal Board assignments. The bylaws allow for an elected or appointed Town official. It does not have to be a Selectman. Selectman G. Lambert motioned to appoint Jason Hoch as the represent the Town of Litchfield as the rep for the Southern NH Hazardous Material Mutual Aid District on behalf of the Town. Selectman P. Jewett

seconded the motion. The motion carried 4-0-0.

Administrator Hoch stated that he has a pending piece of legislation that was flagged in this week's Legislative Bulletin about amendments in the House for SB228, the amended form has been flagged as potential concern because it would create a penalty payable by the Town for normal customary practice of paying for accrued vacation time at the time of separation of the employee. The original intent of this from the Senate was to repeal a flawed calculation from the 2008 adjustments and we are now in a position where potentially this committee recommendation would penalize nearly every Town and School District for having an employee retire. Mr. Hoch provided an example, which caught the concern. There were some municipal examples from Seacoast towns that had significant payments at the end of their careers. Mr. Hoch stated that the note that we have is the employer rates which the town already pays already accounts for the occurrence of end of career payments so there is no negative financial impact on a retirement as the result of these payments. Mr. Brunelle asked if there are any recommendations as how we need to deal with this going forward. Selectman Byron stated that there are two potential actions, one is to suggest to our State Reps that they don't vote to agree to the Senate version of SB228, and the other is that when you are reviewing the personnel policy you recognize the liability that you are opening yourself up to by having a system that allows employees to accumulate time that would be dedicated and paid for at the end of their term of work for the Town of Litchfield. Selectman Brunelle asked if the Board is requesting that our reps do not vote on the Senate bill and do we want to do that as a formal thing or see what happens. Selectman Lambert stated that if this is a compelling argument that says this is a problem for the Town he would be willing to consider representing the position of the Board to those meetings before the voting tomorrow morning. Selectman Byron stated that his opinion is based on what he has read the only thing that he can say is that an end of career payment triggering that much of a penalty is a huge penalty for us to suffer, and is not fair to the community. Selectman F. Byron stated that the proposal that is made is that SB228 should be enacted as is and not amended on the House floor, and the amendment on the House floor to SB228 adds a spiking penalty which causes a balloon of penalty to the Town. As passed SB228 repeals the spiking provision. The Board's desire is not to have the amendment put on.

Purchasing Policy and Fund Balance Policy

Administrator Hoch stated that the Board approved both the policies earlier this year. Does the Board want to go back and revisit them again? Selectman Byron recommended that we lower the current threshold for purchase orders, from \$3,000 to \$1,000. Selectman Byron stated that when that policy was implemented years ago it was decided that we did not know how many purchase orders would be generated at any particular amount, so the Board made a decision at that point to set it at \$3,000 to see how it went and we would come back and revisit that amount. Selectman Byron stated that we are not generating a lot of purchase orders because most of the goods and services we purchase are below the \$3,000 threshold and it would be his opinion that the Board should be looking at taking that down to \$1,000 to bring some more visibility to what is being purchased as well as control over what is going on. Selectman Lambert asked Mr. Hoch if this would increase communication and accountability so that he would know what was going on better or just create inconvenience. Administrator Hoch stated that he doesn't disagree with the underlying comment and concern; however, our current system for managing purchase orders is inefficient, so he would be concerned by adding further inefficiencies by

tracking a whole new range of transactions through this system. For this to be reasonable, we either need to find a new way to support purchase orders, by either replacing the software system that we are using to one that can handle these efficiently, or if we stay without current system, Mr. Hoch needs to take some time building a parallel system that make this meaningful rather than burdensome, so Mr. Hoch would rather not rush into this until we figure out which one of those alternatives is feasible. Selectman Lambert stated that until we understand how those go hand in hand do we have a purchasing problem that needs to be solved in the next six weeks while we are looking at the overall picture? Administrator Hoch stated no, that he does not think we have a problem, a lot of our purchases tend to fall under the \$3,000 threshold but over \$1,000 and he thinks that building something in place, which would come with a streamlined software package; if not and you still want to pursue this Mr. Hoch will find a way to build something else; our current system is not the one to use. Selectman Brunelle stated that he doesn't think that we have a problem and the \$3000 is fine for now. Selectman Byron believes we do not need a new software package. Mr. Brunelle stated that there is a lot of other issues beside purchase orders and the software package is not living up to what some expectations we all have and its performance is subgrade. The vendor is coming in next week and we are going to sit down and talk to him about the problems we are experiencing; some of it stems around their support and their ability to respond to us. Selectman F. Byron motioned to change the purchasing policy threshold from \$3,000 to \$1,000. The motion failed due to lack of a second. Selectman F. Byron made a recommendation to add wording to the professional service contracts that states: if at least three bids are not received the Board of Selectmen may require a rebid. The addition is: if a rebid is required the Board of Selectmen will not release the bid values by those who originally submitted the bid. Selectman G. Lambert motioned to accept the change in wording. Selectman J. Brunelle seconded the motion. The motion carried 4-0-0. In the section of Ethics and Public Purchasing and Contracting: Mr. Byron is recommending we add some language from RSA 95:1 to read as follows: In accordance with RSA 95:1-A no official or employee of the Town shall require of any public works or construction contract to make application to or to get any surety bond or contract of insurance specified in the building or construction contract from a particular surety insurance agency or broker. Selectman J. Brunelle made a motion that the Board accepts the motion as read and as stipulated in this document. Selectman G. Lambert seconded the motion. The motion carried 4-0-0.

Fund Balance Policy - The Board has this listed as 5% to 17% and Selectman F. Byron is suggesting it is changed to 5% to 12%. Selectman F. Byron stated that the recommendation is that getting a fund balance down to 5% is dangerously low and it is better off being above 8% and getting one up to 17% is recklessly high so he would like to adjust it to 8% to 12%, which was recommended by the auditors. Selectman G. Lambert motion to accept the changes as stated above. Selectman J. Brunelle seconded the motion. Administrator Hoch stated that the Government Financing Officers suggest that municipalities retain between 8% and 17% of regular general fund operations. DRA has a recommendation of at least 5%. The range that was in the policy which was 5% to 17% marries the two of those. When we set the tax rate we get a tally that says this is what levels of balance are at these different percentages. Administrator Hoch believes that 5% is dangerously low but has no problem with the 17%. The motion to change to 8% to 12% carried 4-0-0. Selectman J. Brunelle made a motion that we add the word operating. Selectman F. Byron seconded the motion. The motion carried 4-0-0.

Selectmen Reports

Selectman J. Brunelle mentioned that he attended the Recreation Commissions meeting last week and

we had one public member come and speak to the Commission with regards to public broadcasting of their meetings. He asked the Commission why they decided not to do it and the Chair John Bryant expressed the Commission's feeling about volunteerism and getting volunteers and that the members were uncomfortable about being on public television and his desire is to have volunteers that work hard and not to put that in danger. The Committee did release their survey and any citizens who is interested in providing input to where the rec commission goes with future programs or existing programs to go to the town website, the link is there. They are looking for the public's input.

Selectman P. Jewett mentioned that the Conservation Commission had their Fishing Derby Saturday at Ducharme's pond; 88 children took part and it was a great time. Selectman P. Jewett also mentioned that tomorrow night, she goes to the Community Council which she is a member of the Board of Directors. On Thursday afternoon at the Community Church in the basement they are having a meeting of the Litchfield Senior Citizens at 1:30.

Selectman F. Byron mentioned there is a Planning Board meeting tomorrow at 7:00. Tomorrow night's agenda is to revoke a subdivision at the request of the land owner a subdivision and the property is going to be used by DLB Paving.

Items moved from consent

No items moved

Other Business

No other business.

Mr. J. Brunelle noted that there will be a Board of Selectmen's meeting next week at 6:00 pm to approve and sign some deed waivers.

Selectman P. Jewett motioned to adjourn the meeting. Selectman J. Brunelle seconded the motion. The motion carried 4-0-0. The meeting adjourned at 9:30 pm.

John R. Brunelle, Chairman

George A. Lambert, V. Chairman

Frank A. Byron

Brent T. Lemire

M. Patricia Jewett