

DRAFT MINUTES

BOARD OF SELECTMEN MEETING

MINUTES

April 5, 2010

**1. Call Meeting to Order**

Chairwoman Julie Gilman convened the Board at 7:00 pm in the Nowak Room of the Town Office Building. Other members of the Board present were: Mr. Matt Quandt, Mr. William Campbell, Mr. Bobby Aldrich, Mr. Don Clement and Town Manager Russ Dean. She announced that this meeting will be a work session on water and sewer rate setting and the part time pay plan.

**2. Board Interviews – None.**

**3. Regular Business**

**a. Accounts Payable and Payroll Manifests**

**Mr. Clement moved to approve a weekly payroll warrant dated March 28, 2010 in the amount of \$ 148,431.88. Mr. Aldrich seconded. Vote: Unanimous**

**Mr. Clement moved to approve an accounts payable warrant for two new police cruisers in the amount of \$ 45,950.00. Mr. Aldrich seconded. Vote: Unanimous**

**Mr. Clement moved to approve a weekly accounts payable warrant in the amount of \$ 1,977,944.36. Big Ticket Items: \$ 1,037,501 to the Exeter Cooperative School District, \$ 834,185 to the Exeter School District and over \$ 46,000 for Unutil bills. Mr. Aldrich seconded. Vote: Unanimous**

**Mr. Clement moved to approve a warrant for \$ 104,400.00 for disbursement of CDEFA / CDBG funds for The Meeting Place Project. Mr. Aldrich seconded. Vote: Unanimous**

**b. Tax Abatements & Exemptions**

**Mr. Clement moved to approve one Veterans Credit for \$ 500.00. Mr. Aldrich seconded. Vote: Unanimous**

**Mr. Clement moved to approve 4 Elderly Exemptions for:**

<b>Map 85, Lot 89, Unit 7</b>	<b>\$ 236,251.00</b>
<b>Map 64, Lot 105, Unit 49</b>	<b>\$ 152,251.00</b>
<b>Map 104, Lot 79, Unit 311</b>	<b>\$ 152,251.00</b>
<b>Map 74, Lot 132</b>	<b>\$ 152,251.00</b>

**Mr. Aldrich seconded. Vote: Unanimous**

**Mr. Clement moved to approve a tax abatement for Map 83, Lot 69 in the amount of \$ 5,636.90 plus interest.**

**Mr. Aldrich moved to table this for one week. Mr. Campbell seconded. Vote: Unanimous**

**Mr. Aldrich moved to table discussion of an abatement denial for Map 108, Lot 2 for one week. Mr. Quandt seconded. Vote: Unanimous**

Mr. Dean asked the Board to allow the Tax Collector to waive interest up to \$ 5.00 from this day on going forward. He said that there is an RSA that supports this. The RSA allows waiving interest up to \$ 25.00. He explained that it actually costs the Town more to deal with these tiny amounts in terms of

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liens, notices and administrative time than it is worth. Mr. Campbell said that he would consider going higher than \$ 5.00.

Ms. Lorrie Maker, Deputy Tax Collector, said that she doesn't want the amount to be more than \$ 5.00. She said that the \$ 25.00 RSA limit is a recent change. She has spoken with other tax collectors and most are between \$ 1.00 and \$ 5.00.

**Mr. Campbell moved to approve the Tax Collector waiving interest up to \$ 5.00. Mr. Aldrich seconded. Vote: 4-1 Mr. Quandt opposed.**

Mr. Dean said that there was an issue with a lockbox processing delay this summer due to the July 4<sup>th</sup> holiday that resulted in some tax accounts getting interest charges. He asked the Board to waive interest on the affected accounts. The total amount is \$ 299.58.

**Mr. Campbell moved to approve waiving interest in the amount of \$ 299.58 due to the previously explained situation with lockbox. Mr. Aldrich seconded. Vote: Unanimous**

#### **4. Minutes and Proclamations**

##### **a. Regular Session Minutes of March 29, 2010**

Mr. Aldrich pointed out one grammatical correction on the first page.

**Mr. Aldrich moved to approve the Regular Session Minutes of March 29, 2010 as amended. Mr. Campbell seconded. Vote: Unanimous**

#### **5. Appointments – None.**

#### **6. Department Reports – None.**

#### **7. Discussion/Action Items**

##### **a. Water and Sewer Rate Setting**

Mr. Dean said that there are two proposed scenarios for increasing water and sewer rates for the Board's consideration. The first would increase both water and sewer rates by 7% and the second would increase both rates by 15%. Mr. Dean recommends that the Board approve the 15% scenario. He said that rates must be increased in order to cover the budget and capital programs just approved in March. These new rates would be recommended to go into effect August 1<sup>st</sup>. Billing is done in arrears so there is a lag time. The suggestion is to give it a 90 day window. Therefore the increase in revenue will only be for 4 months of the fiscal year instead of the full year.

Ms. Ravell said that the implementation date would be May 1<sup>st</sup>, but revenue recognition would start as of August 1<sup>st</sup>. Mr. Aldrich said that this exercise should probably be repeated in November for 2011.

Mr. Campbell said that he knows rates haven't been increased for 2 years but he is having a little trouble with a 15% increase in this economy. He's not sure people who gave their support to the budget and warrant articles at the recent vote realized how much their bill would increase.

Mr. Aldrich pointed out that they are not talking about a 15% increase in the total bill because it is averaged down by the service fees which are not increasing. Even under the 15% scenario, a rate is being put forward that doesn't cover what is being proposed to be spent.

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Mr. Clement said that he did a little research this weekend and Exeter has some of the highest water and sewer rates as compared to other local towns. He supports a higher rate on the sewer side than on the water side. He said that it is a good assumption that there are going to need to be rate increases every year looking at the projected expenditures for future years. Mr. Clement also asked that the Selectmen packet pages be numbered going forward for easier reference.

Ms. Jennifer Perry said that the last time rates were increased the idea was that they would need to be increased about 5% annually. Since rates have not been increased for a couple of years we are making up now. Future year increases will probably not need to be so radical. Mr. Aldrich calculated that the average annual increase for the next 6 years would be 5.4% assuming rates were raised to meet the projected budget as it is now.

Mr. Clement noted that the proposed scenarios assume an average quarterly usage of 11,500 gallons. He thinks that actual usage is probably higher for most single family homes. These scenarios may give some people a false sense of what the actual bill increase amount will be for them.

Mr. Dean said that there are different classes of users: multifamily, commercial and residential. In some cases there is one meter for buildings with multiple apartment units. This is a policy issue that needs to be reviewed. Mr. Dean thinks that it is a good idea to get more information on Exeter's population of water users. Ms. Perry said that it is dangerous to give an example illustrating average usage because there is no average. It is only a rough estimate.

Ms. Gilman asked when Exeter changed to a tier system. Mr. Dean said that it was in 2006. The rationale was that you encourage conservation. He said that some communities charge more for larger meters.

Mr. Don Woodward, who lives in an affordable housing association community in Town, passed out information sheets to the Board. He said that the association that he lives in has 392 homes, one office and a small maintenance shop. They all contribute to lot leases which include water & sewer. There is a single meter and they are paying the same tier rates as a for profit company like Osram or Sig Arms. He would like the Town to take into account how many homes are covered by the single meter. The costs to switch everyone to separate meters and then mail out 392 bills would probably not be economically advantageous. Mr. Aldrich pointed out that if the homes were individually metered then each would incur quarterly service fees.

Mr. Aldrich asked for clarification on what the service fee of \$ 28.00 per quarter is supposed to cover in terms of fixed costs and if the service fees are adequately covering these fixed costs right now. He asked if an increase in the service fees is needed. Mr. Dean said that the service fees cover all administrative expenses, billing and collection but not water tank debt.

Mr. Clement stated that electricity costs are one of the Town's biggest expenses and asked if there would be budget savings if the electricity contract being considered was signed. Ms. Perry said there is definitely a possibility to reduce expenses in 2010 and 2011 if the Board moves ahead and signs the electricity contract.

Mr. Dean said that Exeter is probably in the top 5% in the State for water costs. Exeter does not benefit from economies of scale like many other communities. Mr. Aldrich asked on average how many gallons of water is used by Exeter each day. Ms. Perry said that it is 1.1 million gallons per day of treated and produced finished product.

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Mr. Clement was concerned that water and sewer users bear all of the costs. There are some benefits to people who are not users, such as fire protection, CSO improvement and improvement of the quality of the Squamscott River. He mentioned that some of the water tank project was funded through taxes. Although it can be hard to quantify some of these other benefits, he wondered if there was a way to shift some small portion of these costs. Ms. Ravell said that the water and sewer funds are enterprise funds and by definition this means that they must be 100% self-sustaining.

Ms. Perry said that there is the option to extend service to other areas / towns. Aquarian is always looking for emergency water sources and some other towns may be interested.

Mr. Clement asked what the water and sewer fund reserves are for. Mr. Dean said that they consist of assets, accounts receivables and cash and are an equity position. Ms. Ravell said that they represent previous year profits.

Mr. Dean said that under the 7 % rate increase scenario, the average quarterly bill would increase by \$ 4.02 for water and \$ 3.00 for sewer. Under a scenario where the water rate was increased by 7% and the sewer by 15%, the average total quarterly bill increase would be \$ 10.58. Mr. Dean said that the average quarterly water and sewer bill would still be less than what an average home would pay for electricity if contrasted for the same 3 month period. Ms. Perry said that if you look at what people pay for cable and other services, water and sewer is still lower. Mr. Aldrich said that it would be a good PR tool to use the comparison of an average water and sewer bill to the average bill for other services like cable, electricity and cell phone.

Ms. Maker said that she would like to see the first tier upper limit reduced to 24,900. She said that she thought it would encourage less meter sharing. Mr. Clement agrees with Mr. Dean's earlier suggestion that tier rate adjustments need to be looked at. The Town may be losing money because of the way the tiers have been set up. Ms. Perry strongly suggests that the Town retain the services of a rate consultant prior to the next rate increase. The approximate cost would be \$ 25,000 - \$ 30,000.

There was Board consensus to revisit rates in November when developing the 2011 budget.

**Mr. Campbell moved to approve a rate increase of 7% for water and 15% for sewer with no change in service fees. Mr. Aldrich seconded. Vote: Unanimous**

Mr. Dean will schedule it for a public hearing. Mr. Aldrich commented that there will still be a deficit even with this rate increase and everything possible should be done to control costs in 2010.

### **b. Part Time Pay Plan**

Mr. Dean said that the Board had asked for a Part Time Pay Plan grid some time ago. They have put together a grid with ranges and created a plan that mirrors current pay scales. There are 12 steps plus a maximum and minimum. There is a 2.23% differential between steps. Every other year there is a step increase plus a COLA increase as approved by the Board of Selectmen.

Mr. Aldrich pointed out that there are 3 outlier positions that are already making more than the step that they would be at under this new scale. The 3 positions are custodian, PT police officer and assistant town clerk I. These positions would be slotted at the next higher step which is consistent with what they did with the non-union pay plan. He said that the total annual cost increase for this part time pay plan would be \$ 21,123.43 or about \$ 1,760 per month. They could choose when to implement it. There is

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already money in the budget for this because a 3% increase for every position was included in the budget in anticipation.

Ms. Donna Cisewski said that they looked at LGC's rate survey and Salary.com for this area of the country only when determining the minimum and maximum rates.

Ms. Gilman asked if the job descriptions match what the individuals are actually doing. Ms. Cisewski said that some haven't been updated in a long time and she will be looking into a classification study to help fine tune them. Mr. Quandt pointed out that there are no benefits associated with any of these positions.

Mr. Aldrich said that adopting this plan would be consistent with what has been done with the non-union employees, police and fire. They are moving in a similar direction with all employee groups and all positions are being slotted the same way. Mr. Dean recommended a July 1<sup>st</sup> implementation date. Mr. Aldrich recommended May 1<sup>st</sup>. All of these part time positions are filled right now. Mr. Dean said that the number of hours floats with some of these positions. Mr. Aldrich calculated that the total amount of money set aside already in the budget for anticipated pay increases for these part time positions, which was 3% of the current cost, is within \$ 2,000 of the total annual cost of \$ 21,123.43 for this new part time pay plan calculated previously.

**Mr. Aldrich moved to adopt a Part Time Pay Plan as developed by the Town Manager and Human Resources and that slotting be done based on seniority into the 14 steps and the 3 outliers be slotted so that employees do not lose money. The plan is to be implemented the first pay period of May. Mr. Campbell seconded. Vote: Unanimous**

### **8. Next Meeting / Other Business**

Mr. Aldrich said that he and Ms. Gilman were going to Brentwood tomorrow evening to discuss the Pine Road issue. Jay Perkins and Mr. Dean were also going.

Next week's meeting agenda will include:

- brochure on Town Boards and Commissions
- CDBG grants
- electricity program
- hot dog vendor permit
- conversation on outstanding 91A request
- opening of surplus recreation truck bids

### **9. Adjournment**

Mr. Aldrich moved to adjourn at 9:15 pm. Mr. Quandt seconded. Vote: Unanimous

Respectfully submitted,

Jennifer Mancinelli  
Recording Secretary