

FINAL MINUTES

BOARD OF SELECTMEN MEETING

MINUTES

August 15, 2011

1. Call Meeting to Order

Chairman Robert Aldrich convened the Board at 6:45 pm in the Wheelwright Room of the Town Office Building in order to interview candidate Nicole Martineau for a position on the Historic District Commission. The Board reconvened at 7:00 pm in the Nowak Room of the Town Office Building. Other members of the Board present were: Selectman Frank Ferraro, Selectman Matt Quandt, Selectwoman Julie Gilman, Selectman Don Clement and Town Manager Russ Dean.

2. Public Comment - None

3. Minutes & Proclamations

a. Regular Session Minutes of August 1, 2011

Ms. Gilman moved to approve the Regular Session Minutes of August 1, 2011 as presented. Mr. Quandt seconded. Vote: Unanimous

b. Special Session Meeting Minutes of July 8, 2011

Mr. Ferraro asked that wording be added to the discussion about the American Independence Museum and Swasey Parkway under Item # 7 to indicate that Mr. Clement shared Mr. Ferraro's concerns and said that a similar issue had been raised last year.

Ms. Gilman moved to approve the Special Session Meeting Minutes of July 8, 2011 as amended. Mr. Quandt seconded. Vote: Unanimous

c. Non Public Session Minutes of August 1, 2011

Mr. Ferraro moved to approve the Non Public Session Minutes of August 1, 2011 as presented. Mr. Quandt seconded. Vote: Unanimous

4. Appointments - None

5. Departments Reports – Finance

Doreen Ravell, Finance Director, was present to report on the financial results for the period ended July 31, 2011. Income from all Town departments at 44% appears to be a little bit down when compared to this same time last year. One of the drivers is blue bag revenue which is difficult to plan for. Typically there is a pickup on this near the end of the year. Interest income is lower than expected because rates have dropped even more than what was anticipated. Total general fund revenues collected through July 31 is 50% which is a little flat. One of the big drivers of general fund revenue is property taxes and at this point the Town is 94.5% collected. This is about average for Exeter and most towns along the Seacoast.

Mr. Clement asked about the Water and Sewer Fund year to date revenues which are up in the 70% category. Ms. Ravell said that these figures are billed revenues and not necessarily what has been collected. The corrective water and sewer billings are reflected in these numbers which would be lower if this was not the case. Mr. Clement commented that billings for water and sewer consumption vary depending on weather conditions and how much is being used. Mr. Aldrich pointed out that it also depends which district is being billed. Mr. Dean confirmed that Comcast returned the franchise fee funds to the Town that were liquidated from the old contract and these are shown under the CT Fund-

FINAL MINUTES

Cable Franchise Fee line.

Ms. Ravell said that the Recreation Revolving Fund is looking very good at 81% of projected. It has been a strong summer with pool and recreation programs. Total all funds collected is at 55% which is a little bit lower than average for date. On the expenditure side nothing is abnormal. The Town is 58.62% spent on the General Fund, 52.84% spent on the Water Fund and 55.75% spent on the Sewer Fund. Some of the bigger projects have not yet started which will drive up the numbers. The 60 day and over category of water and sewer receivables has grown a little bit. Some of this is attributable to the corrective billings. The Town is looking fairly strong with a 94.5 % collected rate of property taxes considering the economy.

6. Discussion/Action Items

a. Old Business

i. Pine Road Update

Mr. Ferraro provided an update on the Pine Road situation. Mr. Perkins, Ms. Von Aulock, Mr. Vlasich and Mr. Ferraro had a meeting with representatives from Brentwood and the applicant Brentwood Distributing to discuss doing an engineering safety study of Pine Road. After much discussion, there was general agreement that a traffic engineering study should proceed. The Town of Brentwood is going to prepare the RFP and send it to our team for review and input. They have jointly prepared a list of acceptable consultants. Brentwood will send out the RFP and proposals will be jointly reviewed. Brentwood Distributing will pay for the cost of the study. Everyone agreed to a 45 to 60 day timeframe so things are progressing.

Mr. Ferraro moved to table the 3rd reading of posting Pine Road for now. Mr. Quandt seconded.

Mr. Quandt suggested putting the speed trailer down there since speeding has been an issue. Paul Vlasich said that the New Hampshire DOT was going to review the signage along Route 27 to see if any improvements can be made. Mr. Perkins was asked to check the status of potential signage improvements the next time he speaks with the DOT. Chairman Aldrich will email Police Chief Kane about the speed trailer.

Vote: Unanimous Motion carries.

ii. Bid Award SCBA Equipment

Assistant Fire Chief Ken Berkenbush said that the Fire Department recommends awarding the bid for the 42 self contained breathing apparatus and associated items to Industrial Protection Services in the amount of \$ 231,479. It is an excellent product with good guarantees that should serve the Town well for many years. Mr. Clement asked how long this breathing apparatus will last and Mr. Berkenbush said it should last about 10 years.

Mr. Clement moved to award the bid to IPS of Wilmington, Massachusetts, in the amount of \$231,479. Ms. Gilman seconded. Vote: Unanimous

iii. Bid Award: Construction Engineering: Water Street Interceptor

Paul Vlasich, Town Engineer, said that the DPW department is recommending the award of the contract for construction phase engineering services for the Water Street Interceptor project to Underwood Engineers in the amount of \$ 98,700. This was discussed at the last official Board meeting at which time the Board had suggested that he go out and procure some additional cost quotes for comparison. In review of the requirements for SRF funding and the availability of 50% ARRA funding forgiveness,

FINAL MINUTES

they rediscovered that the Qualification Based Selection (QBS) process must be used as per NHDES guidelines. Mr. Ferraro stated that at the last meeting the Board had directed the department to go out and get other cost proposals, not suggested. Mr. Vlasich said that the reason that he did not go out and solicit bids is because it would have jeopardized all of their SRF funding. He said that this was verified by Mr. Hertzler of NHDES who approves the contracts for SRF. It is an absolute requirement that engineers are selected using the QBS process.

Paul Vlasich explained the QBS process. First a scope of services is put together. Then engineering companies create proposals on it which are not cost proposals. The credentials of each firm are checked and they look at how the firm is proposing to go about doing the project. A ranking of the firms is done. The QBS process requires them to go to the highest ranked firm first and attempt to negotiate a contract with them. If an agreement can't be reached, then negotiations with the second ranked firm proceed. This is the process until an agreement is reached.

Chairman Aldrich asked if a scope of services was created on the engineering services piece of this particular project. Mr. Vlasich said they did not develop a scope of services for this piece because the department feels that Underwood Engineers is the most qualified firm to handle this project. Mr. Ferraro finds it hard to believe that the State does not allow for competitive bidding and wants to look into this further himself. He said that it seems that a scope of services, RFP and vendor ranking should have been done for this \$ 98,700 project. Mr. Vlasich said that they did not follow this process because they feel that Underwood Engineers is the most qualified firm. Mr. Quandt asked if the process involving NHDES would jeopardize the ARRA Funding. Mr. Vlasich said that the process that Mr. Ferraro just described would not jeopardize ARRA funding but it would add time to the project.

Mr. Clement advised that the Town maintains a list of qualified engineers and consultants so that process has been done for the Town in a general fashion. Chairman Aldrich stated that the State also maintains a list. Mr. Vlasich said that the department would like to talk to the Board further at another time about the procurement process for engineering services to point out what they've done in the past, what they plan to do in the future and to understand what the Board's needs are. Mr. Clement said that his understanding is that this process allows for some negotiation, while the bid process does not. Paul Vlasich explained that engineering services are not termed a bid. They ask for proposals and always have a say in what they are proposing and why.

Don Clement asked if this was approved tonight when the project would start. People are getting anxious and they don't want to be doing construction in December when the weather gets cold. Paul Vlasich said that this is the last piece of the puzzle at this level. However, they still need to get NHDES approval for the contract. Once they have that they will approve the Jamco bid and allow award of bid. Contracts should be signed within a week of that and the project can get started.

Selectman Clement moved to award the contract for construction phase engineering services for the Water Street Interceptor Improvements project, contingent upon NHDES approval, to Underwood Engineers, Inc. in the amount of \$ 98,700. Ms. Gilman seconded.

Mr. Ferraro was not happy that the process outlined was not followed. This project is overdue to be done. He doesn't like being pushed into a corner on projects and feeling pressured to make a decision in order to try to get this going before the cold weather comes in.

Vote: 2-3 Mr. Quandt, Mr. Ferraro and Mr. Aldrich opposed. Motion fails. Chairman Aldrich said that the department needs to follow the process outlined in the SRF funding and come back to the

FINAL MINUTES

Board when that has been done.

b. New Business

i. Special Town Meeting / Schedule and Warrant

Chairman Aldrich advised that the schedule of statutory timelines for the 2011 special town meeting for the two citizen's petition warrant articles has been set. Deliberative Session will be on September 17th at 9:00 am at the High School on Blue Hawk Drive. Voting will be on October 25th at the Talbot Gym on Linden Street. The Board members signed the original warrants which will be posted by August 23rd. Mr. Dean will also post them on line.

ii. Great Bay Coalition Agreement Update

Mr. Dean advised that the total cost of the study work proposed to be done for the Memorandum of Agreement with DES by the Great Bay Coalition communities participating in the EPA permitting process is \$600,000. This is twice the amount that the study was thought to cost when this was discussed in July and it means that each town would have to pay double the amount expected in order to participate. The draft permit that Exeter has received has a total nitrogen limit of 3 mg/L. This would require Exeter to build a new waste water treatment plant estimated to cost around 52 million. The Coalition target is 8 mg/L. Based on whether those permit limits are 3 mg/L versus 8 mg/L, that could mean a difference in cost of order of magnitude 16 million dollars. Durham is not financially participating in the study and Newmarket has said no but is revisiting the issue this week. If Newmarket also pulls out, then the total cost of the study would have to be split between the 4 remaining towns.

Chairman Aldrich asked where the money would come from for this and Mr. Dean replied that they would take it from the sewer fund. Ms. Gilman asked if the work in this study will be an advantage to whatever the Town has to do with the waste water treatment plant. Mr. Aldrich stated that the attempt of the study would be to convince the EPA that a limit of 8 mg/L would be acceptable. It is unknown whether the results of the study would be convincing enough or not. Mr. Clement noted that the permit still is a draft at this stage and as such it could change. Further discussion on this will be postponed until next week when Ms. Perry can be present and Newmarket's decision will hopefully be known.

iii. Exeter / Stratham Scope Update

There was discussion about a letter from the Town of Stratham along with a revised scope of work from the Rockingham Planning Commission. Mr. Dean explained that after the last Board discussion on the scope of the study, they went back to Stratham and the RPC and tried to incorporate the items that the Board wished to have included which were rates, capital costs, and models for sharing costs. Mr. Ferraro thought that costs would be determined by negotiations between a team of people from Stratham and Exeter and not from any study. Mr. Ferraro said that the answer to item #1's question about feasibility is yes since Exeter already provides service to Stratham. He also feels that the wording indicates that the outcome of the study is already a foregone conclusion.

Chairman Aldrich said that the scope of the study is for a very limited project and there are other options for Exeter. Mr. Clement pointed out that there are several ideas such as a water/sewer buy-in option that could be added to the study. Stratham is the only community that has approached Exeter asking to buy resources. Since the sleeves over the Route 101 overpass already exist, it would be a matter of only feet to make the connection. Connecting to other towns, if Exeter was interested in doing so, would require building more lines. It was pointed out that there are many Exeter residents still not served by Town water and sewer that they may want to consider before extending service into other towns. Board members would like to see options for deal structures and find out if this would change any regulatory requirements. Mr. Dean said that the study is flexible and if there are specific things they want to see he

FINAL MINUTES

can carry that information back. There was Board consensus that there is interest in doing the study. Mr. Dean will go back to Stratham and the RPC and revise the language one more time.

The Town of Stratham has written Exeter a letter regarding an agreement that has been in place since 1972 and redone in 1985 for water services that Exeter does supply to parts of Stratham. The agreement calls for an annual review which has not been done since 1985. They have prepared a fairly lengthy draft of a new agreement and are seeking a meeting with a couple of representatives from Exeter. Chairman Aldrich and Selectmen Clement will be the representatives from Exeter who will go over and meet with them to talk through the draft. Other Board members should provide any talking points prior to the meeting.

iv. CIP Update/Summary of Planning Board Presentation

Mr. Dean advised that the Planning Board held their initial hearing on the CIP last Thursday. Departments presented their CIP projects at that time. He encouraged everyone to watch the replay of the meeting. The CIP is a strategic plan of improvements for the next six years. These are major capital projects that the Town is scheduled to undertake.

Mr. Dean identified several of the key projects potentially proposed for 2012. The groundwater treatment plant is on the list at a cost of 6.35 million. This project is expected to generate a million plus gallons per day of water capacity. By doing that project they can also tie in the Lary Lane well. Groundwater is less expensive to treat than water. This project is eligible for 30% debt forgiveness from the SRF. The water meter replacement project is also a key project at a cost of \$750,000. This would replace town wide water meters to all radio read and is also eligible for 30% SRF debt forgiveness. SRF eligible items must be warrant articles.

The Jady Hill Phase II project is being put forward by DPW again at a price tag of 2.85 million. Drain improvements account for \$200,000 of the cost with the balance 2.65 million being for sewer related improvements. This project is a follow up to work slated to begin shortly in the Jady Hill area on water and sewer line replacements. A major issue for the Board to determine is who pays for the private I/I work. I/I causes Exeter to have more CSO's and the Town is under an administrative order from the EPA to reduce CSO's. Mr. Dean said that the Town can go out and borrow the money if needed via a bond issue and then recoup the money later depending on what policy is determined. A fourth project to highlight is the Portsmouth Avenue reconstruction project which would make major curb cuts and attempt to deal with long term traffic flow issues. A design has already been approved for this a few years back. There is also a Lincoln Street improvements project which is similar to the Portsmouth Avenue reconstruction project. The Lincoln Street project would make roadway improvements to include the replacement of an aged main that has been a problem for a number of years.

Mr. Clement noted that there are 35 CIP projects in total identified for 2012 and asked what the next steps are. Mr. Dean explained that the Planning Board will adopt a CIP program next month. This will then be forwarded to the Board of Selectmen and Budget Committee to undergo the budgetary review process. The Planning Board does not deal with financial aspects of the plan.

Don Woodward, Budget Committee member, said that part of the CIP process is that they can't spend money without appropriating it so they have to identify where the money is going to come from for each project. Chairman Aldrich said that this information is there for each project but must be considered in view of the big picture. Mr. Dean pointed out that proposed financing schedules and a capital outlay list are also included in the CIP information packets. There will be 3 items added to debt service in 2012 for the Great Dam engineering, SCBA equipment and the bond issue for the Norris Brook culverts.

FINAL MINUTES

However, debt service will only increase by \$ 30,000 because they are retiring an old storm water separation debt issue from 2002. Right now debt service on bonded projects is 49 cents of the Town's current rate. Under this program of proposed projects, it would peak at 85 cents in 2015 and then come back down to 63 cents in 2016 and 54 cents in 2017. If all of these projects are approved there would be a year in the middle that would be more expensive to fund. The conservation bond comes off the books in 2016 and takes \$ 311,000 out of the debt service budget, therefore making room for other projects at that time. Ms. Gilman asked if the proposed vehicles will be rated based on the Fleet Study and Mr. Dean said that information will be in the detailed CIP information.

v. Personnel Plan: Discussion of Severance Policy

Mr. Ferraro pointed out that the current and proposed new personnel plan contains a policy that when a Town employee voluntarily terminates his/her position with a 14 day notice, he/she is paid a one week severance. This is certainly not standard and he recommends striking it. Severance is generally only given when an employee is involuntarily terminated. Mr. Dean said that this is in all 3 of the Town's union contracts as well and is an old item. There was Board consensus to strike this policy. Mr. Dean will pass this information on to Ms. Cisewski who is preparing the final draft of the personnel policy.

vi. 2012 Budget Issues: Default, Revenues, COLA discussion, Retirement Update

Mr. Dean provided some preliminary projections for the default budget and revenues for 2012, as well as state retirement updates. Some of the known items for next year are debt service, labor contract costs for Police and Fire, and the new retirement rates. Some good news is that the Town's retirement costs have gone down to 8.8% from 11.09%. The employee contribution increased. This is a short term gain as the Town share of retirement costs are expected to go up in 2013 after the election. There will be about an \$ 80,000 - \$100,000 increase in retirement costs for the Police and Fire Departments. Health, dental, long term disability and life insurance has been estimated but remains an unknown until the Town gets rated in the Fall.

The total estimated default budget numbers came out to 16.6 million for the General Fund, 2.23 million for the Water Fund and 1.87 million for the Sewer Fund. This gives a grand total of 20.7 million. Mr. Clement understands that these numbers are very preliminary, but wanted to point out that this represents a 3.5% increase over last year. He emphasized that the Board has to start thinking early how they are going to deal with the budget this year.

Mr. Dean said that they have broken down the major lines of 2012 revenue and they look fairly consistent. They will want to review department income again as it is down slightly. With regard to property taxes Mr. Ferraro commented that they need to consider that the Town may own almost 90 properties by the end of the year. The taxes on these properties with potential to be deeded are in the projected revenue numbers. Mr. Ferraro asked if income from departments includes fee increases from EMS billing and Mr. Dean said no.

Ken Berkenbush said that the RFP from Seacoast Chiefs went out to find a billing company that would handle the billing for 21 towns in the Seacoast Region. The RFP is due back on Friday at 4 pm and they will be doing reviews on the following Monday. There are many interested vendors and they are expecting to do very well on price. They expect to have a recommendation for the Board on this in September.

Chairman Aldrich asked what the Police and Fire Department 2012 contract COLA's are. Mr. Dean said that the Police COLA on January 1, 2012 is 3%. The Fire Department COLA is tied to the 10 year rolling CPI with a floor of 2% and a ceiling of 5%. Their COLA adjustment this past July 1 was 2.43%.

FINAL MINUTES

The current year to date COLA average per the Bureau of Labor Statistics is 1.9%. Chairman Aldrich said that the sooner the Board can decide the COLA for the Town's non union personnel the sooner they can plug another known number into the 2012 budget. Mr. Dean and the Finance Department will prepare a chart of the number of affected employees which illustrates total salary increase impacts when different COLA's are applied.

vii. Website Review Process

Chairman Aldrich said that there has been some discussion about redoing the Town's website and this is also one of the Selectmen's goals. After a brief discussion, it was decided that Mr. Ferraro and Mr. Clement will be take on this task. They will talk about an approach and come back to the Board with some ideas at a later date.

7. Regular Business

a. Bid Openings - None

b. A/P and Payroll Manifests

a. Accounts Payable and Payroll Manifests

Mr. Ferraro moved to approve a weekly payroll warrant for checks dated 7/27/2011 in the amount of \$ 174,672.78. Mr. Quandt seconded. Vote: Unanimous

Mr. Ferraro moved to approve an accounts payable warrant for checks dated 7/29/2011 in the amount of \$ 280,406.90. Mr. Quandt seconded. Vote: Unanimous

Mr. Ferraro moved to approve a weekly payroll warrant for checks dated 8/3/2011 in the amount of \$ 176,651.12. Mr. Quandt seconded. Vote: Unanimous

Mr. Ferraro moved to approve an accounts payable warrant for checks dated 8/5/2011 in the amount of \$ 2,964,269.33. This includes the school payments. Mr. Quandt seconded. Vote: Unanimous

Mr. Ferraro moved to approve a weekly payroll warrant for checks dated 8/10/2011 in the amount of \$ 177,276.40. Mr. Quandt seconded. Vote: Unanimous

Mr. Ferraro moved to approve an accounts payable warrant for checks dated 8/12/2011 in the amount of \$ 309,545.42. Ms. Gilman seconded. Vote: Unanimous

c. Budget Updates - None

d. Tax Abatements & Exemptions - None

e. Water/Sewer Abatements - None

f. Permits

Mr. Dean said that they have one permit request for the use of the Town Hall for the Lincoln Tusk unveiling on September 24th.

Mr. Clement motioned to approve the permit request as presented. Mr. Quandt seconded. Vote: Unanimous

FINAL MINUTES

g. Town Manager's report - Waived

h. Legislative Update – None

i. Selectmen's Committee Reports

Selectman Ferraro attended the Planning Board meeting with the CIP presentations. He also attended the Water and Sewer Advisory Committee meeting last Wednesday in place of Mr. Clement who was out of town. They had a presentation on Jady Hill. The committee has suggested making a recommendation to the Board of Selectmen in October on how the costs of the private I/I work should be handled.

Selectman Quandt met with the Train Committee on Tuesday. They had a great discussion and presentation with Mark Sanborn of the Department of Transportation. They talked about what all 3 stations in the State are doing and Mr. Sanborn seemed to be impressed with Exeter's work. Exeter is by far the best station in the State right now. The Cable Committee met last Thursday to work on the policy. They will meet again on Wednesday at 5:30 pm to finish it up.

Selectwoman Gilman said that there was a brief Heritage Commission meeting when they opened bids for the Winter Street cemetery survey. They recommended and approved awarding it to a preservation company in Kensington who was the low bidder. The HDC meets on Thursday. There will be several applications for signs and windows to consider. Thursday at 5 pm the Planning Board and the Heritage Commission are doing a site walk at 77 Kingston Rd because it is proposed to be demolished by Riverwoods.

Selectman Clement has an EDC meeting tomorrow at 8:15 am and a River Committee meeting on Thursday at 9 am. There is also a Budget Committee meeting with the Selectmen on Wednesday, August 24th.

Selectman Aldrich met with the Conservation Commission last week. Several projects were discussed. They had a presentation from a forester who wrote the Forestry Management Plan for the Oaklands and Henderson Swasey town forests. It has been 20+ years since the plan was updated. Funds were set aside last year to do this and the forester was providing an update.

j. Correspondence

1. Letter from several residents of Crestview Drive looking to reduce the speed limit from 30 mph to 20 mph. They would like an opportunity to appear before the Board to talk about this. Mr. Dean will check to see what the State law limits are with regard to this. Chairman Aldrich would like to get a letter back to the residents and put this on the agenda for August 29th.

2. Letter from Jim Knight with a 91a request

3. Letter from a young resident on Sloans Brook Drive requesting a Fourth of July parade with candy and marching bands

4. Letter from Mr. Patten regarding a request for 3 blue directional signs for his native honey business.

Mr. Clement raised the question of whether or not this signage for a home occupation might be in conflict with zoning regulations and requested clarification from the code enforcement officer. There

FINAL MINUTES

was a brief discussion about this signage request and the Town's current sign and zoning regulations. Mr. Patten explained his request as well as his understanding of the current signage requirements.

Mr. Quandt moved to approve Mr. Patten's sign request at Mr. Patten's cost for the 3 locations specified. Mr. Ferraro seconded. Vote: 3-0 Mr. Clement abstained. Motion carries.

The Board advised Mr. Patten to contact Mr. Perkins and make arrangements to get the blue directional signs done. He was also advised that he could keep his current signs in place until the new blue directional signs are finished.

8. Review Board Calendar

The next regular Board of Selectmen meeting will be Monday, August 22nd at 7:00 pm.

9. Adjournment

Mr. Quandt moved to adjourn, seconded by Ms. Gilman. Vote: Unanimous

The Board stood adjourned at 9:10 pm.

Respectfully submitted,

Jennifer Mancinelli
Recording Secretary