

**Board of Selectmen Meeting  
Minutes of 02/04/08  
5:30 p.m.**

***Selectmen:***

***Frank S. Michel, Chairman  
Peter F. Brothers, Vice Chairman  
Robert C. Flanders  
Miller C. Lovett  
Colette Worsman***

***Town Manager:***

***Carol M. Granfield***

***Recording Clerk:***

***Karin Landry***

Call to Order: Chairman Frank Michel called the meeting to order at 5:30 p.m. and expressed that the Board is appreciative of the large turnout for the meeting.

The Chair introduced the Board, Town Manager, and Recording Clerk. He made announcements pertaining to fire exits, listening assisted devices, and the use of microphones. Comments and questions are to be directed through the Chair.

**ACCEPTANCE AND/OR CORRECTION OF MINUTES:**

**08-08 Minutes of the January 14, 2008 Workshop; January 21, 2008 Workshop, Meeting, and Non-Public Meeting; and reconsideration of the January 7, 2008 Meeting minutes.**

Selectman Worsman was unable to obtain the final draft of some of the minutes early enough for thorough review, and requested that voting be postponed. The Chair agreed to postpone the matter until the next Board meeting.

**TOWN MANAGER'S REPORT:**

- The next regular meeting of the Board will be on February 11. A workshop is not scheduled for the 11<sup>th</sup> at this time. No meetings will be scheduled for February 18, which is President's Day.
- The final listing of candidates running for various offices is:

Library Trustee - 2 positions, 3-year terms: Victoria Carty, Laurie Brothers, Bronwen Donnelly, David Carpentiere, Betty Burns and Linda Matson

Moderator – 1 position, 2-year term: Lou Kahn, Steve Nedeau

Treasurer – 1 position, 3-year term: Louann Breen and Richard Pendergast

Selectman – 1 position, 3-year term: James Waldron, Chuck Palm

Supervisor of the Checklist – 1 position, 6-year term: Anne Jollimore

Town Clerk – 1 position, 1 position, 3-year term: Kerri Parker

Trustee of the Trust Funds: Write in vote

A candidate's night will be held for the Selectman candidates on February 28 at 7 p.m. at the Community Center. Lou Kahn will moderate. Questions for the candidates should be submitted to the Town Manager. The questions can be e-mailed.

- The Fishing Derby, sponsored by the Meredith Rotary Club, is scheduled for February 10. This week's cable show will highlight various events. The awards ceremony is scheduled for Sunday, February 10. Honorary Chairman Governor Lynch will attend the ceremony.
- February 5 is the deadline for petitioned warrant articles.
- The Town proposed an amendment to legislation making the POW/MIA memorial in Hesky Park a state memorial. The amendment gives the Town the authority to approve any signage in the Park. It was approved by the Senate on January 31.
- Recent articles in the press prompted the Town Manager to speak with the Police Chief regarding the issue of registering sex offenders. The Chief will be talking with other chiefs in the Lakes Region, and the school system, to see what their thoughts are on the matter. An ordinance can be adopted whereby sex offenders cannot reside within a certain distance of locations such as a school. The Town Manager would like input from the Board on the matter.
- The Town Manager will be attending the Regional Association meeting with the state pension fund. The Town is moving forth in support of LGC, to look into changes in the retirement system. Members of the Board are welcome to attend the meeting.
- There are vacancies for volunteers on the following Boards and Commissions: Parks & Recreation Advisory Committee, Cable Committee, and alternates for the Zoning and Planning Boards.

The Chair directed the Town Manager to work with Chief Morrow on a staff report regarding sex offender laws and policies for the Board's review.

#### **VISITOR'S AND RESIDENT'S COMMENTS (Non-Agenda Items):**

Resident Lynn Montana of Meredith Neck Road proposed the formation of a "Green Team" to take a look at issues affecting the Town from an ecological, environmental, and energy efficiency standpoint. She briefly set forth her vision for the work of the Team. The Chair agreed that the formation of a Team is a very good idea. He directed Ms. Montana to work with the Town Manager to come forth with a charge that can be brought before the Board. The Town Manager told the Board that there was a petitioned warrant article at Town Meeting last year to establish an energy committee. Voters approved the petition, but it has not moved forth. She

suggested establishing a combination of what Ms. Montana suggested and what was proposed in the petitioned warrant article.

#### **SELECTMAN'S COMMENTS:**

Selectman Worsman expressed concerns with getting the selectmen's packets far enough in advance of a meeting to review the material. She proposed that if information is not ready by the close of business on Thursday, the matter be dropped from the Agenda of the respective meeting. The Board relies on staff reports and recommendations from which they can take a position. Their schedule is very aggressive, which adds to the problem. The Board was in general agreement that staff does a very good job in preparing the material. The Chair directed that an attempt be made to have the material available by 5 p.m. on the Thursday preceding a Monday meeting.

Selectman Worsman asked the Town Manager to follow through with a request made at the budget meetings for an update of funds expended on the Waukewan bathhouse.

#### **NEW BUSINESS:**

##### **08-09 PUBLIC HEARING – Selectmen's Budget**

The Town Manager opened the matter with a brief presentation on the budget including:

- 2008 Budget Process
- 2008 Board of Selectmen Adopted Goals
- 2008 Budget Highlights
  - o Personnel
  - o One New Position
  - o Employee Benefits
  - o Town Insurance
  - o General Assistance
  - o Water Quality
  - o Capital Improvements Committee recommendations
- 2008 Municipal Revenue Outlook
  - o Yield Tax Revenue
  - o Penalties & Interest
  - o State Revenues
  - o Town Clerk Revenues
  - o Departmental Revenues
  - o Other Revenues
  - o Enterprise Funds
- 2008 Municipal Budget Summary
  - o Operating
  - o Debt Service
  - o Conservation/Regional Associations
  - o Capital Projects

- 2008 Municipal Budget

There is a 1.75% overall increase in the operating budget and a 3.38% overall increase in the municipal budget. There are warrant articles for the Fire Station and the Page Pond Conservation Project.

The Chair made his remarks on the budget. The process was approached differently, with a better result. He thanked those who worked on the budget for a diligent job. He set forth the lengthy process involved in finalizing the budget. The Board worked hard to provide a fair budget that is good for the Town and provides the services they believe the citizens demand. In an effort to demonstrate general harmony among the Board, the Chair recounted the final votes on each department's budget. A majority of the votes were unanimous; approximately half a dozen were not. This was the first time department heads were asked to present a modified maintenance budget that doesn't slash services. They did what was asked of them very well. The Chair recognized the employee's participation by not getting a cost of living adjustment (COLA). The Board will have the option to modify the budget after the public hearing. It will be voted on at Town Meeting.

Selectman Lovett thinks the process used in creating the budget this year was a tremendous improvement. He was allowed to be adequately heard during the voting process, but opposes the budget as it stands. His paper entitled "Solving the Problem: Meredith Budget 2008" (SEE ADDENDUM I) sets forth criteria limiting the size of the increase of the budget. He is in favor of an increase no larger than 3% of the previous budget. He proposes a reduction in this year's budget of a little over \$200,000. Selectman Lovett believes the Town is engaged in a flawed process of budgeting. Over the past few years, the capital budget has been cut as a way of increasing the operating budget and still balancing the overall budget. The use of fund balance is another practice that clouds the increase in the operating budget. Prior to 2007, the Board was voting to use \$750,000 of fund balance to reduce taxes. The Board reduced the use of fund balance to \$650,000 this year. Selectman Lovett would like to continue reducing the amount of fund balance used to reduce taxes so that it can be used for major capital projects such as the new Fire Station and the Page Pond Project. He believes department heads have the ability to cut 2% from their respective budget, and called on the public to stand up and make their position heard. He suspects that there is wide support for reducing the budget, and hopes to do so after the public hearing on the budget or at Town meeting.

Selectman Flanders explained that the fund balance comes from monies that were budgeted but not expended, or from additional tax revenues generated from year to year from things such as new construction. He set forth several examples where the Town has used cash on hand to cover capital investments such as closing the dump, the purchase of two fire trucks - and a third after Town Meeting this year, the purchase of, and renovations to, Town Hall Annex, and the creation of the Plymouth Street parking lot. He believes the current and past Boards have acted in a very responsible way. The DRA allows fund balance to be no more than 15% of the operating budget, which limits the amount that can accumulate for use in capital projects. He believes the Board has a responsibility to protect public health and safety, and that it has done a great job in doing so. The Town has been able to keep the tax rate much lower than many surrounding communities, and he believes they have done so by being responsible and keeping up with

facilities. There has been a huge improvement in the budgeting process this year and he is very pleased with the results.

Selectman Brothers believes that key issues have been brought up by his fellow Selectmen. He agrees that this year's budget process was good, and that subsequent Boards will use it as a guideline for future budgets. He complimented the department heads and staff on the work they did in carrying out the charge for a zero-based maintenance budget. He thinks this year's budget is a responsible one. There is value to living, recreating, and visiting in the Town, and there are certain standards that are important for the Town to retain. The Town can attract and retain qualified employees while being mindful of dollars spent. The public needs to keep an eye on the school district, state school, county, and state tax they are paying in addition to Town tax. The state has been pushing down to the local level the funding of items such as roads and county nursing homes.

Selectman Worsman told the public that the challenge created by the budget this year was greater than anticipated, partly due to last year's 7% increase. She said there was a lot of work that had to be done to get the budget back in line. Her approach was to look at the budget by each department to see where cuts could be made. Examples include utilizing an automated telephone at Town Hall or closing the dump one day a week. She believes the budget could easily be cut by 2%. It is up to the voters to make that decision.

*Selectman Brothers motioned to open the public hearing on the Town of Meredith's 2008 budget at 6:50 p.m. Seconded by Selectman Lovett. 5-0. All in favor. Motion passed unanimously.*

The Chair set forth the ground rules for the public hearing. Speakers will use the podium and direct their questions to the Chair.

Resident Steve Merrill applauded the effort to cut the budget by 2%. The budget has been getting bigger every year since he moved to Meredith in 2000. If the budget is calculated to include the same items over the past 7 years, it has increased 58%. He formerly resided in the State of Massachusetts, which allows for a maximum 20% increase over the same period of time. He does not think the Board has acted responsibly over the years. The use of additional revenues that offset the Town's tax rate is misleading. The only thing that matters is how much the Town spends.

Resident Henry Buletti of Meredith Neck Road thinks that closing the dump an extra day a week makes sense. He is concerned that higher taxes will decrease real estate values. People will be forced to sell, putting a glut of property on the market that will reduce real estate values. If the value of property goes down, taxes will go up. He does not wish to see the value of property in Meredith being hurt by high taxes, but is afraid it is inevitable. He is concerned that those who wish to buy waterfront property will go to Moultonborough, where the taxes are much lower. The Chair told Mr. Buletti that closing the transfer station one day a week equates to a savings of \$6,600 a year. Public Works Director Mike Faller explained that the savings realized in closing the dump one day a week is low because of the way the employees at the transfer station are scheduled.

Resident Lynn Montana is concerned with the use of fund balance. When fund balance is used, it is not invested. If the Town has to borrow, they pay more interest because the fund balance is not available. Director of Administrative Services Brenda Vittner explained fund balance in detail. When money from the fund balance is used to reduce taxes, it is set aside in the event that it is needed. If the money is not spent, it is put back into the fund balance. Selectman Lovett explained that using fund balance in this way gives the Town authorization to spend excess revenues that come in from sources, such as a surplus of auto fees. The Chair assured Ms. Montana that these are standard accounting procedures, and that nothing is being hidden from the taxpayers. Ms. Montana is concerned that the Town is bringing in more property taxes and the budgets are continuing to grow. She would like to see a measure adopted that does not allow taxes to exceed 10% of the owner's income.

Resident Henry Buletti asked for more detail regarding the scheduling of employees at the dump. Mike Faller explained that the dump is open six days a week, but operates seven days a week. Two people work on the day it is closed to the public. Five employees work five days a week on a rotating schedule. Mr. Faller offered to sit down with Mr. Buletti to explain in more detail how the schedule works. The only overtime that occurs is when the dump must be prepared for the 8 a.m. opening after a snow storm. The Chair pointed out that gross revenues from the solid waste facility are around \$400,000 a year.

Resident Rudy Cazzara has owned property in Meredith for 20 years. He observed that even with the shorefront and commercial property in Meredith, taxes continue to rise. He loves the services that he gets from the Town, but is concerned that taxes have risen almost 8% per year on average since 2004.

Resident Phil McGowan moved to Meredith in 1999 and has seen tremendous increases in the budget over the last 8 to 9 years. There is a lot more to factor in than employee salaries when considering closing the landfill one day a week, including utilities and wear and tear on equipment. He is concerned that even though the budget is up, the Board is unwilling to take a look at how they can make cuts. He believes a \$200,000 reduction in the budget is called for and can be obtained very easily.

Resident Keith True spoke of the positive changes he has seen in the Town as a lifelong resident. He has been with the Meredith police department since 1990, and this is the first year the budget has been proposed without a COLA. He talked about increased expenses, such as insurance and heating oil, and the highest inflation rate since 1990. The findings of the consultant hired by the employee benefits committee showed that the salary range for Meredith employees is average. He expressed concerns about being behind when the budget process begins next year. The Town has a very loyal group of employees, and just as Selectman Lovett believes the budget can be cut by 2%, Mr. Drew believes there is tremendous support for a 2% COLA, which would add \$200,000 to the budget. Although the figure seems large, once it is divided between 70 employees and their dependents, it amounts to little more than paying for a hot school lunch for a week and a half.

Resident Richard Gerken commented on the difficult job of the Board. He talked about the changes in the Town since the 1980's when there were oil barrels floating in Meredith Bay. He

moved to Meredith because of the quality of life, and believes the Town can grow responsibly and within its means. The decision the Board needs to make is one of leverage, the use of borrowed money to make the dollars go further. He is not in favor of paying cash for everything, and believes it is wise to be prudent in how you borrow and grow. The Town has done a good job in having a vision. He would like to see the quality of life in Meredith continue.

New Hampton resident and full time Town of Meredith police officer Bob Donnelly, Jr. left the New Hampton police department and came to Meredith two years ago. The department had a lot to attract and retain individuals such as him, and he looked at what the future offered him when he applied. Not implementing a COLA is taking away part of the package that initially brought him to Meredith. It is important to attract and keep quality people as opposed to people who use the Town as a stepping stone. The cost of training new people should be considered. He is concerned about losing ground if the Town is not able to keep up with the inflation rate.

Resident and part time police officer David Smith joined the police force in 1999. The people on the force are professional and hard working. He understands the value of spending money to retain employees. Although his business probably won't give a COLA this year, it has been better able to retain employees since they started to show more appreciation by paying more. He believes that spending money elsewhere in the Town and not giving employees a COLA is a travesty.

Resident Peter Miller addressed Mr. Buletti's concerns about the potential impact of tax increases on property values. The recent town-wide revaluation showed property values increased by a staggering amount since the last revaluation, despite increases in local government. Meredith cannot be compared to Moultonborough because of the high ratio of waterfront property in Moultonborough compared to all other property. He pointed out that capital projects have impacts on operational costs, such as payment of debt, hiring of staff, and keeping facilities functioning. There are items such as electricity and fuel that the Town has no control over. He truly values what the Town employees bring to the quality of life in Meredith. He believes that maintaining employees and keeping morale up saves the taxpayers money. Meredith has benefited by being able to attract trained, capable people from other Towns. He cautioned the Board that without a COLA for a period of time, they might be dealing with a different political situation, including unions. He is not in favor of outside influences having a say in the operation of the Town. Recent headlines suggest that there is something wrong with the budgeting process in Meredith. He thinks that is a gross misrepresentation. The Board has done a good job in directing the departments to come in with a lean budget. A split vote on the budget could send a message that the Town needs a budget committee. Mr. Miller urged the Selectman to vote in favor of the bottom line if they are generally happy with the budget.

Resident Lynn Montana has seen paid vacation, step increases, and COLAs every year. A publication from the Municipal Association indicates that the salaries of Meredith employees are very adequate for a Town of its size. The Town employees are loyal and dedicated, and she appreciates the work they do. She is also a loyal, dedicated employee but does not benefit from paid vacations, step increases and COLAs. The Board is doing a fantastic job of trying to keep the budget down, and is asking the employees to contribute. If the department budgets are cut by 2%, she is in favor of giving the 2% in COLAs.

Resident Dave Sticht suggested writing a warrant article to take money out of the downtown parking expendable trust fund to be used to reduce the cost of the new fire station. The funds were designated for a joint effort with the Congregational Church for additional parking. The project appears to have fallen through. The Chair told Mr. Sticht that although the project is not moving forward in 2008, it will be addressed in 2009 and \$220,000 will be taken from downtown parking expendable trust fund for parking at Prescott Park.

Mr. Sticht is in favor of taking out the \$2,000 line item for Motorcycle Week. The departments and agencies involved in the event know what to expect from experience. Chair Michel and Selectman Flanders spoke about the benefits of participation in the Motorcycle Week Association. Mr. Sticht questioned why the \$15,000 line item for the Greater Meredith Program was moved to municipal administration. It seems as though it is the wrong category. Dialogue ensued regarding how the Program spends money. The figures can be obtained at Town Hall. The Town receives goods and services estimated to be equal to a dollar amount far in excess of the \$15,000 contribution. Lastly, Mr. Sticht pointed out that Selectmen Lovett and Worsman's influence helped bring about the modified zero-based budget that is proposed this year, and would like them to feel good about it. He thanked the Board for the budget they put together, and appreciates the work they have done.

Resident Rudy Cazzara posed a question regarding the flexibility within a department's line item budget. The Chair explained that items can be traded between lines at the discretion of the Town Manager and department heads. For planning purposes, charges are made to each individual line item even if all funds for that item have been expended.

Resident Phil McGowan commented on the size of the crowd at the public hearing. He asked if those who attended had an impact on the thinking of the Board. The Chair responded that he is thinking about the COLA.

The Selectmen briefly responded to points that were raised at the meeting:

In response to comments made by Selectman Flanders, Selectman Lovett clarified that he is not suggesting the use of ETF funds for capital projects. If the fund balance was allowed to build up to \$4.5 million, as provided for by state regulations, the Town would now be in a position to pay for the new Fire Station and Page Pond project without borrowing. He agrees with Selectman Flanders that the Town has approved capital projects wisely in the past, and suggests that they can do even more.

Selectman Flanders pointed out that the growth of the Town since 2000 has resulted in more calls for services such as police, fire, and ambulance. There is the additional cost of vehicles and facilities to support those activities. The sale of real estate in each Lakes Region community is reported once a month in the Laconia Sun. Average sales and median sales prices in Meredith are close to double that of any other community. The days on the market are no higher in Meredith than any other community. We do not have the income, sales, or excise taxes of other states. *USA Today* ranked New Hampshire as having the second lowest tax burden for 2 to 3

years. He pointed out the costs associated with delaying a project ,while funds are built up to pay for it without borrowing.

Selectman Lovett withdrew his request to poll the audience to see how many were in favor of a 2% reduction in the budget, because many of those who were in attendance left early.

*Selectman Flanders motioned to close the public hearing at 8:34 p.m. Seconded by Selectman Brothers. 5-0. All in favor. Motion passed unanimously.*

The Chair set forth tentative agenda items for upcoming Board meetings. The schedule will be set tomorrow.

A short break was taken at 8:35 p.m. The meeting reconvened at 8:45 p.m.

### **08-10 Draft Warrant Articles**

Agenda item 08-10 will be postponed until the next Board meeting.

### **08-11 Laconia Area Community Land Trust Workforce Housing Development Agreement, Waiver Requests, and Road Names**

Workshops were previously held on this matter. In addition to the Board's decision on the Development Agreement and waiver requests, the LACLT is asking for input from the Town regarding the naming of the complex. This is the first development agreement under the new water ordinance. The Chair thanked Bob Reals of LACLT for his patience during the Board's diligent review of the matter.

Ray Korber gave a synopsis of the Development Agreement between LACLT and the Town of Meredith, which sets forth the roles and responsibilities of the developer and the Town. The infrastructure improvements include: new sewer main extension; new sidewalk; repair/replacement of existing drainage structures; and full-width roadway reconstruction. LACLT will complete on-site utility extensions to serve the existing manufactured housing units and the 32-unit workforce housing buildings.

LACLT responsibilities will include: Design all improvements in collaboration with the Town; construct all on-site utilities. On-site utilities will be owned by LACLT; pay all costs for engineering and construction including cost for firms retained by the Town; pay all access and connection fees as required by the Town.

Town responsibilities will include: Assist in the design of improvements and provide design review services; construct Boynton Road improvements, project delivery will be design/bid/build; provide construction observation for on-site utilities to ensure installation meets Town standards; retain engineering and construction firms to complete work on the Town's behalf; receive Community Development Block Grant funds from LACLT to finance improvements completed by the Town.

The Town will realize the following benefits: Complete needed infrastructure upgrades in Boynton Road including sidewalk extension, drainage system repairs and roadway reconstruction; add sources of revenue from new water and sewer services provided by the development; support workforce housing which is an identified need and priority for the community; reduce the amount of water discharged from the Boynton Road blow off and use the reduction to offset expected increases in system demand imposed by the new development at no cost to Town. The estimated blow off rate is 8,640 gallons per day. The estimated average day demand for the development is 4,000 gallons per day, and the estimated maximum day demand for the development is 10,000 gallons per day.

Mr. Reals of the Trust explained the layout of the development. The units have a 99-year guarantee that the income of those coming into the development is 60% or less than the median income in the County of Belknap. The numbers used are federal numbers that are based on family size. There will be \$1.2 million of debt on the project, to be paid over 20 years. Operating expenses include water, sewer, and taxes. Heat is included in the rent. All expenses have to be covered for the life of the project, while keeping rents below the federal maximums.

The agreement has been reviewed by Town counsel, the Trust's counsel, Town staff, Ray Korber and the Town Manager.

*Peter Brothers motioned to proceed with the execution of the development agreement between Laconia Area Community Land Trust and the Town of Meredith as proposed. Seconded by Selectman Lovett. All in favor. 5-0. Motion passed unanimously.*

The Town Manager recommends that the Board of Selectman approve the proposed subdivision street names.

*Selectman Brothers motioned that the Board vote to approve the proposed subdivision street names of "Bennett Drive", "Gary's Way", and "Frances Court" associated with the proposed subdivision. The names were reviewed by the fire and police chief and there are no conflicts. Seconded by Selectman Flanders. 5-0. All in favor. Motion passed unanimously.*

The Trust is seeking waivers to some of the costs of connection fees. The Town will benefit from approximately \$500,000 of infrastructure improvements to be made by the Trust. It will also benefit from additional water as a result of a decrease in the blow off on Boynton Rd., and obtain the goal of workforce housing. Water & Sewer Department Superintendent Bob Hill recommends the waiver of \$42,850 in fees related to the water and sewer hookup of 13 existing units. He does not recommend the waiver of \$39,700 in sewer access and connection fees in direct support of the new units. Mr. Reals pointed out that the Trust applied for, and received, \$475,000 in community development block grants on behalf of the Town that will pay for the sewer. The Trust does not believe it should have to pay additional sewer connection fees. They will be offsetting the capital improvement budget by \$370,500, and adding improvements such as sidewalks.

*Selectman Lovett motioned to waive \$42,850 and \$39,700 in waiver requests. Selectman Brothers seconded for discussion purposes.*

Selectman Lovett is very happy with what the Trust put together, and would like the Town to give everything it can in support of the project. It is important for the Trust to maintain its financial integrity. They will pay approximately \$20,000 a year in taxes and have helped the Town achieve its goal of providing workforce housing. Reducing the blow off will give the Town the ability to make water available for other developments in the area, which will create revenue for the Town. Selectman Flanders is in favor of the project, but has some reservations about granting the waiver associated with the new units. He asked Mr. Reals if the Trust performed a student generation report. The Trust relied on a report they helped pay for that was done in Belmont. They are expecting an average of one student per unit, or 32 students. Mr. Flanders expressed concerns with the impact on the school system at the average cost of \$11,000 a year to educate a student. The potential contribution the Town is making is substantially beyond what is seen on the surface. Selectman Brothers served on the Board of the Trust for six years and is well-aware of what the waiver would mean in terms of fewer capital costs that would have to be carried on the project, as well as the ability to keep rents low.

*Selectman Brothers motioned to reduce the waiver for the connection/access fees on the new units to \$20,000, in order to show good faith. Seconded by Selectman Michel. 3-2 (Selectman Lovett and Worsman not in favor). Motion passed.*

Selectman Worsman voted against the motion because the project would not have been approved if it did not offset the blow off. The grants that the Trust procured are a burden to taxpayers because they are taxpayer funded at the federal and state level. She is in support of those in existing homes impacted by this development, but is not in support of additional waivers. Brief dialogue ensued regarding the strategy of the vote on the matter. The Chair directed the Selectman to stay focused on the matter at hand.

*4-1 (Selectman Worsman not in favor). Motion passed.*

## **08-12 Naming Proposal – Leighton Mountain**

At a prior workshop, the Board reviewed a proposal by the Conservation Commission to make a recommendation to the U.S. Board on Geographic Names to name a peak in the Chemung area Leighton Mountain. The County would like their opinion to reflect that of the Town's, because they feel the Town is better able to determine if the name is appropriate. In 2002, the George Leighton family of Sanbornton gave the Town of Meredith a large parcel of land that was used for summer pasture in the Chemung area. There was no compensation for the gift.

*Selectman Flanders motioned that the Board support the name of Leighton Mountain in recognition of the generosity of the Leighton family in providing the conservation land to the Town of Meredith. Seconded by Selectman Brothers. 5-0. All in favor. Motion passed unanimously.*

Selectman Brothers would like to be sure the naming is contingent upon obtaining the written approval of Mr. Freeman, who is an abutter to the property.

*Selectman Lovett moved to amend the motion to read: "The Board accepts the proposal made by the Conservation Commission to support the name of Leighton Mountain in recognition of the generosity of the Leighton family in providing the conservation land to the Town of Meredith." Agreed to by Selectman Flanders. 5-0. All in favor. Motion passed unanimously.*

*Selectman Flanders motioned to adjourn the meeting at 9:25 p.m. Seconded by Selectman Brothers. 5-0. All in favor. Motion passed unanimously.*

Respectfully submitted,

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Carol M. Granfield, Town Manager

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Frank S. Michel, Chairman

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Karin Landry, Recording Clerk

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Peter F. Brothers, Vice Chairman

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Robert C. Flanders

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Miller C. Lovett

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Colette Worsman

**ADDENDUM I****Solving the Problem: Meredith Budget 2008**

Further ideas by  
Miller C. Lovett, Selectman  
1 February 2008

**Introduction**

To solve a problem, three things, at least, are needed: (1) people who feel there is a problem, and will speak up; (2) agreement on what the problem is, and (3) skill by decision-makers to find solutions and choose wisely. The Meredith Select Board, by a 3-2 vote, thinks there is no problem and appears to be satisfied with the budget presented for public hearing on 4 February 2008 (\$12,756,457, with an increase of 3.38% over 2007). The two Select Board members, in the minority, have been unable to persuade at least one other Selectman to join them in efforts to cut the budget. If a reduction is to be made before Town Meeting, it must be done by public demand at the budget hearing the first week in February. Thus the first question: are there enough citizens who want a budget reduction, and who will speak up at the hearing?

The second question centers on problem definition and the third question asks if the decision-makers are ready to reconsider the matter.

***Problem Definition: As One Selectman Sees It***

**Issue #1:** In 2007, the town raised its budget over 6%, including an employee cost of living increase. Some citizens felt this was too high by at least \$100,000 to \$200,000. Nothing happened.

**Issue #2:** For some years, large increases in the budget have been softened by using huge appropriations from the Fund Balance to reduce the tax rate and average tax bills. In 2007, \$650,000 was used; for each of the four previous years it was \$750,000.

**Issue #3:** The Fund Balance accumulates from annual town surpluses, items such as automobile tax revenue in excess of budget and expense line items under-spent. Fund Balance belongs to the taxpayers. What is the best way to return it to them? If returned by reducing the tax rate and, at the same time, raising the Operating Budget excessively and borrowing money to build a new police station, the net result is higher real estate taxes for ten years or more, including but not limited to paying about \$500,000 in unnecessary interest. To reserve the Fund Balance to pay cash for a new police station is far wiser financial management.

I have sought to get the Select Board to understand this issue. My hope was to reserve Fund Balance to pay all or most of renovating our Fire Station. This effort failed. Now I want Fund Balance to pay the town share of Page Pond (\$400,00), thus avoiding payment (principal and interest) over ten years or more. Citizens who agree need to speak out!

**Issue #4:** How does the Select Board determine what is a proper budget for a particular year? Past and present practice is to review the Town Manager's proposed budget (a three ring note book about 5" thick) line item by line item. Each department head is called in to answer questions and defend his/her budget. In a few cases (of hundreds and hundreds of lines) detailed examination is made of a line. In general, however, selectmen do not know about the specifics that make up most lines nor do they have criteria (standards) external to the town that can determine what it should cost to run each Meredith department.

In preparing the 2007 budget, the Board by a 3-2 vote settled on an increase of a little over 6%. One selectman asked how the Board arrived at 6%. Another selectman replied: "There is no damn reason, we just like it".

**Issue #5:** Are there objective criteria (standards) that provide a framework for budgeting? In fact, the Meredith Board does have several. The Capital Improvement Program is set up to plan for big-ticket items of \$90,000 or more over a ten-year period to avoid spikes in the town budget. CIP recommends spending about \$1,870,000 each year on the town's capital infrastructure and debt service. Fortunately, the present Board seeks to meet this goal while past Boards tended to cut this figure to make more generous provision for expansion of the Operating Budget. The CIP figure, not re-examined for several years, perhaps should now be even higher. Further, the Board is strongly favorable to spending annually what is necessary to main town roads, and even to improve their condition over future years.

Other criteria have been suggested but neither discussed nor adopted: (a) tax dollars from new construction earmarked for increases in the town budget caused by population growth in Meredith. (b) Limiting annual budget increases to a 3%, plus or minus, cost of living index. (c) Use of management consultants to study one or two departments per year to identify external criteria to help us know what size budget is appropriate for each Meredith department.

**Issue #6:** With such a tight budget, how can cost of operations increases get provided for? A wage and benefits committee in 2007, found town wages and salaries, on an average, are already above market. It appears that many other line items in the 2007 budget can absorb 2008 cost increases also. And the fact that the 2007 budget was up to \$200,000 too high can provide for energy-related cost increases in 2008. Therefore, Meredith can live with a nearly level funded budget and use the COLA factor to back out of the over use of Fund Balance to balance the budget.

**Issue #7:** Could we cut the budget too much? What would be the consequences? The easiest places to cut are in capital infrastructure (roads, buildings, town beautification, and the protection of our lakes and streams). Towns do this on a regular basis, and it may take years to recognize the errors. Meredith Boards face this annually. Our heavy capital projects in the past four years are the "catch up" penalty, and the "catch up" is not yet over. Wise, indeed, are Boards that provide annually for capital infrastructure at lower cost; and even wiser are Boards that reserve Fund Balance to pay cash for buildings, and thus save taxpayers hundreds of thousands of dollars for interest in the future!

Could we cut the operating budget too much? Theoretically yes; in practice, probably not. First of all, department heads are evaluated annually on how well they manage their departments. They should be skilled at identifying where to be careful and the need to maintain services by being more efficient. This is normal business practice. There are other ways to manage within budget: seeking grants, identifying surpluses in other departments, and use of the contingency fund. In recent practice, Meredith budgets a very small contingency provision. As budgets are severely cut, and we are not there yet, the contingency fund needs to be increased.

**In summary:** We can have many tools available in our toolbox of budget management. However, it requires a grasp of the dynamic nature of budgeting and a philosophy of how to proceed in Meredith. Some tools are immediately available; others can be prepared for use in future years. Some of the tools require us to back out of past budgeting practices and that may take time.

The most immediate tool to use is to ask department heads to suggest 2% cuts in their department to lower the Operating Budget by an additional \$213,000. They know where the cuts can be made. Further, they need to report what services, if any, will result from their new cuts. The Board should make the final decision in order to report to the public what is required to approximately level fund the 2008 budget.

**One more issue to get on the table:** The final decision on Fund Balance to reduce taxes will not be made until Fall 2008, shortly before the 2<sup>nd</sup> half tax bills are sent out. That issue must be faced now as the 2008 budget is prepared. In 2007, \$650,000 from Fund Balance was used to reduce taxes; without this, taxes, on an average, would have been 6.5% higher – on top of the 6% plus increase in the 2007 budget! If Fund Balance is reserved for capital items, the Operating Budget must be reduced now. For this reason, I call for a \$213,000 decrease in the 2008 Operating Budget to nearly level fund the total budget.

The problem then remains as to what will happen to the tax rate and average tax bills if the use of Fund Balance for the 2008 budget is reduced from \$650,000 to \$350,000. The answer? The tax rate and the average tax bill will increase by about 3.0%. And this is without a cost of living increase for employees.

**So what does Miller Lovett believe should be done in 2008?** First, reduce the 2008 proposed budget to a near zero increase by cutting an additional \$213,000. Second, to reduce the use of Fund Balance by an additional \$300,000 to \$350,000. This will result in an increase in the tax rate and the average tax bill by about 3.0%, the maximum I believe Meredith taxpayers should find acceptable.

**Third Question: Are The Decision-makers Ready To Reconsider The 2008 Budget?**