**FRANCONIA BOARD OF SELECTMEN**

**BUDGET HEARING MEETING MINUTES**

**Monday, February 13, 2017**

A meeting of the Franconia Board of Selectmen was held at 7:00 pm on Monday, February 13, 2017 at the Franconia Town Hall. Regular members in attendance were Bernie Costa, Eric Meth, John Lachapelle, Holly Burbank and Herbie Bartlett.

**Guests of the Board:**

**Other Guests:**  Open to the Public

Holly Burbank introduced herself and presented the budget via a power point presentation. She has not been here a month yet and has done her best try to get this across to everyone.

The 2016 Summary – copies of the power point presentation were available to the public.

**2017 Proposed Budget Highlights**

Wages & Benefits

Reduced line item budget

Executive

Election, Registration & Vital Statistics

Financial Administration

Revaluation of Property & Legal Expenses

Planning & Zoning

Properties

Cemeteries

Insurance & Advertising & Regional Associations

Police & Fire

Forest Fire& Life Squad

Emergency Management & Dispatch Phone Lines

Highway Department & Utilities

Health & Welfare

Recreation, Patriotic Purposes & Museums

Tri-Town Transfer Station

Conservation Commission & Debt Service/Insurance

Warrant Articles

**Questions/Comments -**

**Lydia Cumbee** – thanked Holly for the power point presentation and the nice hand out.

**Dawn Steele** – Thanked Holly for the power point presentation. The State RSA’s require a percentage of surplus to be on hand at the town. What percentage are we at? Holly answered that the DRA minimum is 5% and as of October 28, 2105, the Town was at 5.24%. We should work towards at least 8%. We spend money that is appropriated and if it is not spent it goes into restoring the fund balance.

**Karen Foss** – Had questions about the legal expenses. In 2016 we had appropriated $10K for the legal defense fund. We expended and that was for our legal fees. On top of that we had to spend an extra $4,049 which came out of our general legal capital reserve fund. We are asking for an amount of $30K for our general legal warrant article for our general legal capital reserve fund. We have some bills that are outstanding for legal and expert. We have a $12K line item for general legal expenses. We are considering lowering that to $10K. The line item was $10k and the capital reserve will be $30K and we are asking for another $30K for the Northern Pass Defense Capital Reserve fund. There is a warrant article for general legal fun to pay Northern Pass outstanding bills for legal bills & expert advise.

**Steve Heath**- what are we getting for $30K? We are being represented by a law firm and is representing 8 towns which are splitting the legal bills amongst them. Eric Meth stated that the process is the SEC Site Evaluation Committee. They will make the determination soon if Eversource/NP will receive a permit to run the lines thru the town. In Franconia the lines will be underground. Eric is not trying to dodge the question. We are one of the parties in the SEC action along with the other 8 towns. We are trying to fight the placement of this high powered line that is due to be buried under Routes 18 and 116. Eric was at the technical sessions and was being asked questions by Eversource. We talked about going it alone and we could not navigate the state administrative process. We are in the discovery phase. The paperwork is being handled by our law firm. We are headed toward an adjudicative session or trial. We are in the preparation stage right now for this trial. It’s us against the Northern Pass. Steve is not buying it personally.

**Rene Wills** – how much do we owe? The town can get into negotiations to reduce bills. We have an engineer who is guiding us and a law firm representing us. How much more money will we need? We have paid $10K plus owe $4,049. We have an outstanding bills going forward to George Sansoucy for $14,523.16. The Sansoucy bill will be reduced to a flat $10K from $14K.

So we owe $14K plus $19K for a total of $34Kthat is unpaid.

**Steve Heath** – If we buy a piece of equipment or something for a piece of highway equipment we know how much we are going to pay. This is an open ended agreement and we should not be doing this. We should not be in an open ended agreement with a bunch of lawyers. Eric stated that we have to be a part of this action. We need to defend against Northern Pass. We can drop out if you want it to come down Route 18 and Route 116.

What if we appropriate this money? Eric cannot predict how it is going to go. We have done a lot of the heavy lifting in preparation in regards to the legal work where the fees does add up. It is schedule to go forward. We win or we lose but we want to stake a claim.

**Rene Wills** said we set a limit last year. We want three times over that amount now. Warrant articles are a set amount.

**Russ Cumbee** - when you appropriate for legal fees this is what you have. The attorneys need to know the amount. Apparently they did not know and they are adding billable hours. He knows it is important and we will be devastated. They have to be allocated. Northern Pass advisory committee has reduced one of the bills. Peter Grote and Eric Meth went to Concord and they were required to participate with the other towns. Peter had a conversation with the attorney. We have two interests that run against each other. We are trying our best to keep the costs down. We are trying to anticipate and think we have a handle on it but he is not sure.

**Peter Grote** – If the Northern Pass Project is approved, the Town should request a “fair market” tax valuation method that reflects inflation, estimated at some 2% to 4% a year. The 2.5 % declining payment schedule proposed by Eversource, would not cover anticipated growth of staff and municipal expenditures going forward.

**Mary Grote** – last year’s warrant of $20,944 for charitable deductions. How do you justify which ones you favor and put them in a line item budget?

The Chamber of Commerce, North Country Council and Tri-County CAP because actually we get benefits from them. They are promoting the region. For the Chamber of Commerce part of the rationale is they run the parade for old home day and their basic promotion of the town. They are supporting us against Northern Pass. Mary said they are not.

**NCC** – is a membership not a charity. We get services from them.

**Tri–County CAP** – several things the town would have to pick up welfare costs are handed by them so we do not donate to them. 58 of our town’s people received heating and fuel assistance. Our welfare would not have increased but we had a special case.

**Ginny Mike** – what other towns are they contributing to the Chamber? Dick Bielifield thought about $6500 but he wasn’t sure of the exact amount.

**Dawn Steele**- The overall budget is up 8% and we can put $10K towards the Chamber of Commerce? She wants to see who the members are and what are they bringing in. The number we had is $54K that they brought in. Is the chamber really bringing that in? How do you know the chamber is bringing that in and can you prove it?

**Russ Cumbee** – he is piggy backing off what Ginny said. The Chamber claiming credit it is ridiculous. We pay that tax and some people come here for years and has nothing to do with the Chamber. It is convenient for them to say that and there is no way to prove that.

**Steve Heath** stated that the Chamber sponsors events to bring people to this town. The Village store pays $4K a year and he has a minimal food service business. We all pay dues and it takes extra money.

Holly will provide a copy of their profit and loss statement and will send a copy to Virginia Mike for the Chamber of Commerce.

**Karen Foss** – would like details of the budget be posted on line. We will post them on line like we did last year.

**Dawn Steele** – She questioned the Tri Town split for the Franconia share $47K and 52% and this year it goes up $64% more in Franconia and less in sugar hill. It is based on the kids in school.

**Karen Foss** – she believes that each department builds in a buffer. Holly will review. If each department were to budget for their specific needs based on past experience or known projections, the total town budget could have a contingency of 1 or 2% which could be tapped for unexpected yet authorized over runs. This method would yield a budget with lower total budgeted expenses.

**Mary Grote** – Wage increases – how do you justify it with the economy the way it is? John will answer this. There is 1% increase across the board. There is a hope that we can create an incentive to give them a bonus. That is what the 1.5% is set aside for. We put the bonus program in motion. We will put a policy together in regards to this.

**Peter Grote** – Holly has given us a great deal of information and he has never seen a presentation in the town hall like this. There is a lot of data here and he wants to look at it. He is concerned because of the most recent audit report give us the 5 year history of real numbers. Those numbers show that there has been no growth in our tax revenues. That is the core of our revenue and to look at expenditures there is a different story there going down thru the line items. One department is up 92%. That is how the auditors put it together. He wants to go over the numbers with the Board of Selectmen. Bernie stated that that is not going to happen before we go to town meeting. Peter thinks the numbers are out of control. He suggested we have a real problem.

**Virginia Mike** – Had questions about the Capital reserve fund – re: fire trucks – fire rescue – unexpected funds to the capital reserve fund. Bernie stated that she wasn’t sure what she was asking by unexpected. The capital reserve fund money is budgeted for those trucks and we are saving to buy some day. You just bought a fire truck that the trustees refused to give money for. Bernie stated that it was a messy situation. The town established the fund to buy a ladder truck. The Fire Chief had been looking and the Fire Chief found a truck that is a good deal. It was not an auction item. It was turned over because the city got a grant. The truck is yellow so we don’t have to paint it. The fire department used their own money and the volunteer department went to look at it. The Board of Selectmen thought the town should take advantage of this. We tried to figure out how to pay. The Board of Selectmen should take advantage of this because the truck was a Quint. It has a water tank on it and it would be good for the town. It has a tank on it we didn’t see why we cannot use a fire tanker fund to buy the ladder track. The Board of Selectmen needed to talk to the town and had a noticed public meeting and ask the town and took a vote to make us be agents to expend with the purpose to buy this truck. The vote at this meeting was 43-13 to expend this particular fund. The Board knew that we could do that as we were elected officials. The Trustees of the Trust Fund disagreed. The Fire Department said we need to go get the truck. The Board decided to sign the weekly transaction list and the Chief went to get the truck. We had a meeting with the Trustees and we thought we had the ability to do it. We had a meeting and we were under legal advice and sat down with the Trustees. We expected the lawyer to tell the Trustees that we had the right to expend the funds, because the Trustees were at an impasse. Because they disagreed they were at an impasse. The only way is take the Trustees to court and we aren’t going to take them to court and spend more of the taxpayer’s money. We had hoped to pay this at the end of the year. Virginia stated so we are spending money on a truck that was not appropriated.

Karen Foss stated that there was an RSA that specifically stated that to change the purpose of the fund the town had to meet at the annual meeting and voted on by 2/3rds. The meeting that was held was not the same representation. It was not our opinion to deny the truck or change the fund.

Noticed at a special town meeting…the RSA states an annual meeting. We looked closer to the situation and it turns out once we contacted the Attorney General’s office. Terry Knowles believed we had the ability to spend the funds but there was no way to prove it unless we went to go to court so we didn’t want to spend more money on it.

Article 13 and 14 we should address this situation moving forward.

**Dawn Steele** – So are you saying you want to discontinue the fire truck fund and then Article 13 done separately and article 14 makes the fire heavy equipment fund instead of breaking it down just a truck fund for whatever truck we need at the time to avoid this in the future. How much did we go over budget on this? Bernie explained that we were not agents to expend the ladder truck fund so we could not touch that. The town was $847 dollars over the line item budget because the Trustees would not expend the fund.

John Lachapelle would like to sit down with Peter in regards to the audit. Is this going to be a noticed public meeting? Bernie is confused about the purpose of this meeting. John gave the clarification about the 2nd hearing is about the weather date. We have a second date on the books just in case the weather is bad. We can have another meeting but it doesn’t affect the budget.

**Mary Grote** – wants a 2nd meeting. We want to analyze the budgets. Bernie stated that Town meeting is where you make the changes. Not specific items tho.

Another lady said she was new to the town and wanted the meetings later in the day. We can do one night time meeting a month. We tried doing that and other than Virginia Mike no one else different showed up to the meetings so we stopped having the night time Selectmen’s meetings.

Virginia wanted to know happens if the important stuff is gone over at 3pm? It doesn’t work for a large majority of the town. Bernie stated that we are elected to do our job and deal with all the issues. Sometimes we need to meet with our employees. We have a town administrator now and it could change.

Our meeting minutes are posted on line.

Eric makes a motion to adjourn the meeting at 8:15 pm, Bernie seconded the motion with all voting in favor.

Respectfully submitted,

Herbie Bartlett

Executive Secretary

**COMMITTEE REPORTS:**

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