

**Hanover Finance Committee**  
***Minutes***  
**February 23, 2016**  
Hanover Town Hall, Municipal Board Room

The meeting was called to order at **5:01 PM**

Members Present: H. Postupack, Chair; D. Press; K. Asmus; J. Ruth; W. Geraghty, Select Board liaison

Members Absent: D. Rockmore, Hanover School Board liaison

1. *Review/amendment of agenda*

Move review of Jan 11, 2016 minutes to the end of the meeting

2. *Public comments on items not on the agenda*

None

3. *Review/discuss Proposed 2016-17 Hanover Town Budget* – Julia Griffin, Town Manager; Betsy McLain, Director of Administrative Services

J. Griffin and B. McLain presented data on the proposed FY17 Town budget. The proposed 2.5% tax rate target plus projected assessed value increase of \$20 million results in a tax levy increase of 3.6%. The Selectboard felt that the 2.5% tax rate increase was reasonable to maintain the current services and did not feel that the CPI represented the basket of goods that the town purchases in a given year. It was noted that staffing costs represent 70% of the town budget.

This year's town meeting warrant will include a warrant for the police officer contract.

The town's healthcare premiums increased by 8.6%, but due to structural changes in health plan offerings, the total healthcare expenses will decrease by 2.7%. The town will not be offering a healthcare plan that would be subject to the ACA excise tax, commonly known as the "Cadillac tax".

Hanover provides ambulance services to Hanover, Norwich, and Lyme. The town has noticed a significant drop in ambulance billing revenue, which is a cause of concern and, as a result, the billing rate will increase to the town. The town is exploring a new ambulance billing vendor.

The town is implementing a new Enterprise Resource Planning software that will be purchased with a four-year payment plan at a cost of approximately \$61,000.

Sidewalk improvements are envisioned to connect Gile Hill to Hanover. The developer will pay the cost of the initial development of the sidewalk, but not the ongoing maintenance. The neighborhood along 120 beyond the Co-op is not going to be funded this year, but may be on the table in the FY2018 budget.

The town is looking to replace a 50-year old snowblower that will cost \$126,000 and will be used to remove snow in downtown, by the schools, and other places to improve the sightlines. \$60,000 will be spent from the Undesignated Fund Balance ("UFB")

The town is looking to replace the police lockers for \$51,000 that will be funded by the UFB.

Casella, the town's recycling service provider, is proposing an increase of \$59,000 to the town's budget in the first year. The Casella contract would be a five year contract with adjustments based on Northeast CPI. The town is considering bringing the recycling in-house.

The town has made efforts to streamline its processes as it has automated its services (e.g., online payments, credit card payments at parking meters, etc.). The town's energy efficiency efforts (e.g., converting to LEDs, heat pumps, etc.) have been productive to date. For example, the LED bulbs in the parking garage, which provide better lighting, had a payback period of 2.5 years. It was suggested that the town invest the excess UFB to implement high return projects more quickly rather than earning practically nothing in reserves.

There was discussion about the items that are not included in the budget. Several members of the finance committee prefer to focus on the high level aggregate spending and philosophies rather than specific line item details. It was mentioned that the multi-town dispatch rate study would be somewhat premature without Hartford on board.

There was a general conversation about the absolute level of the tax levy and the growth in taxes over the last 10 years. It was noted that the tax levy increases include (a) \$2 million during FY07 and FY08 due to the roads washing out and (b) state downshifting of expenses and withholding revenues fell on the municipality's shoulders. It was further noted that the town has increased its standard of living (e.g., the Richard Black Center) throughout the process. There were questions regarding item (a) in that if this was a "one-time" expense, then why didn't the tax levy decrease in subsequent years? The town is going to research why the tax levy increased despite the disappearance of the "one-time" item.

There was discussion regarding the town's policy of paying the town employees at the 75<sup>th</sup> percentile. The town's previous benchmark had been the 50<sup>th</sup>-75<sup>th</sup> percentile and changed its metric to reflect its actual compensation practices.

4. *Review minutes of HFC meeting on January 11, 2016* – Discussion / action

Minutes of the January 11<sup>th</sup> meeting were approved.

5. *Set agenda and time for next HFC meeting*– Discussion / action

Next meeting will be Monday, March 7<sup>th</sup> at 4:00pm (location TBD)

6. *Adjournment*

Meeting adjourned at 7:52 PM

Recorded by: J. Ruth

Submitted by: H. Postupack