

**MINUTES OF THE SHAFTSBURY SELECT BOARD
AUGUST 18, 2008
COLE HALL
SHAFTSBURY, VERMONT**

Board Present: Lon McClintock (Chairman), Karen Mellinger, Cinda Morse, Bill Pennebaker, Wynn Metcalfe

Others Present: Larry Johnson, Alice Miller (VT Rep.), James Weber, Mike Gleason (Bennington Banner), Aaron Chrostowsky (Town Administrator), Susan Swasta (Recording Secretary)

1. Call Meeting to Order:

Vice Chairman Bill Pennebaker called the meeting to order at 7:03 PM. He had just finished announcements when Chairman Lon McClintock arrived, so the meeting was restarted. Chairman McClintock called the meeting to order at 7:06 PM.

2. Announcements:

Chairman McClintock announced a very important Water Board meeting tomorrow night at 7:00 PM at Cole Hall. He explained that the Town has been moved up the list of water projects to be funded, and the project now needs to move forward. It must be done because the state has mandated that water systems meet state standards. The Town will vote on a bond to pay for the improvements. Tomorrow's meeting will discuss the project, funding, and the effect on taxes and water rates. Chairman McClintock encouraged residents to attend.

Aaron Chrostowsky announced that Tuesday transfer station hours are now 11:00 AM to 4:00 PM. Previously it had been open until 6:00 PM.

Chairman McClintock noted that the next Select Board meeting is scheduled for a Federal holiday, so the meeting date will be changed from September 1 to September 8 unless the Board decides otherwise.

Chairman McClintock expressed condolences to Select Board member Wynn Metcalfe on the loss of his father.

3. Conflict of Interest Statement:

Chairman McClintock asked if any Board member has a conflict of interest with any topic on tonight's agenda. None did.

4. Public Comments:

Rep. Alice Miller announced changes in the state health insurance program, Catamount Health. For those already signed up, and for those who sign up before November 1, 2008, preexisting conditions will be covered. Preexisting conditions will not be covered for those who enroll after November 1. Uninsured Vermont residents are eligible, and costs are based on income. Those interested may call 1-800-250-8427 or go to the Web site greenmountaincare.net. A flyer will be posted in Cole Hall.

5. 2009 Transportation Enhancement Grant Application:

Karen Mellinger reported that they want to submit a grant proposal to the state for an additional \$83,600 for the sidewalk project. This would cover fencing, benches, and increased costs. She said that an additional \$15,000 in in-kind contributions would be needed, but no new cash would be needed for matching funds. If the additional funds are not granted, the project will need to be cut back. Ms. Mellinger said that the state has indicated that many projects go over budget, and that a

pool of money exists for that. Rep. Miller noted that this is Federal money.

Cinda Morse made motion to approve submission of a sidewalk grant application. Bill Pennebaker seconded. Motion carried 5-0-0.

6. Insurance Update: **(postponed until Dave Newell's arrival)**

7. Building and Zoning Permit Application:

Chairman McClintock stated that Zoning Administrator Tony Zazzaro has requested Select Board approval of the revised building permit form. Chairman McClintock said he had asked Mr. Zazzaro how the fee changes will affect Town revenues, and that Mr. Zazzaro said he could not estimate the affect. Fees were previously based on the value of a project, and now will be based on square footage.

The Development Review Board (DRB) and Planning Commission (PC) have already gone over the revised form. In response to PC comments, the second page of the form includes information on structures which will not be included in the fee schedule. Chairman McClintock said that the Town Listers have requested that the permit include number of bathrooms. He does not see why this could not be added to the form.

Ms. Morse made motion to approve the revised building permit form, with the addition of number of bathrooms on the front of the page, and a change from Zoning Board to DRB on the back side of the page. Ms. Mellinger seconded.

Mr. Pennebaker said that the back page information on \$50 for any unlisted structure not covered by the fee schedule does not mention barns. He feels this is confusing.

Wynn Metcalfe offered a friendly amendment that the permit language be clarified by Mr. Zazzaro as to what is covered by the fee structure. Mr. Pennebaker seconded. Amended motion carried 5-0-0.

6. Insurance Update: **(resumed)**

Dave Newell of Wills Insurance came to the table for the update. He distributed information on the Town's insurance policy, which was renewed on July 1, 2008. Mr. Newell went over changes in coverage. He stated that the policy is about the same as last year, except for adding some recreational coverage. Mr. Newell reported that he just received an audit on workers' compensation, and as a result the Town owes an additional \$4900. This is based on last year's payroll. There was discussion of how this amount might be reduced by looking at highway department payroll for last year and revising for overtime and for hours spent on snow-plowing and general maintenance versus road maintenance. Mr. Newell will go over the figures and report back.

Mr. Newell went over the types and amount of coverage included in the policy. Chairman McClintock asked if a higher deductible might reduce the rate for vehicle coverage. Mr. Newell replied that it probably would not amount to much, but he will get a quote. He said that the workers' compensation amount should be adjusted, based on the audit findings. Coverage will be adjusted to reflect the new 2009 highway department truck which replaced an older one.

Mr. Newell stated that there are now two small accident policies to cover firemen and recreational activities. He reported that an additional \$1 million in aggregate coverage, to bring it up to \$3 million, would cost \$807. The Board can think about whether they want that increase. Board members thanked Mr. Newell for the thorough report.

8. Facilities Plan Update:

Chairman McClintock reported that the Facilities Committee has met, but has no proposal for facilities work. Mr. Metcalfe had asked if it is likely they would be bringing a bond issue forward in the next year. Chairman McClintock said this is highly unlikely. He reported that the Committee had discussed options on Town offices and garage but had no specific recommendation. He asked them to prepare a recommendation so that the Select Board has something specific to work with.

Ms. Mellinger said that no matter what recommendations are made, the Cole Hall roof needs to be addressed before winter. There is flashing sticking up and slates that need replacement. Mr. Metcalfe said that he thinks they could put together a bid process in the next couple of weeks. The Keefe and Wesner report on Cole Hall could be used as a basis for bids. That report notes \$30,000 in high priority work.

Chairman McClintock noted that they have \$30,000 in the budget for Cole Hall, so it makes sense to get bids. There is also \$80,000 in the Hawkins Fund. There was discussion of applying for a historic preservation grant for Cole Hall. Ms. Morse noted that they will have no funds for a match if they spend them all on work. Mr. Metcalfe said that there is little money available in historic preservation grants. Mr. Chrostowsky stated that the maximum grant is \$15,000.

Ms. Mellinger said that they will need bids to apply for a grant anyway. She suggested they get two bids -- one for small-scale repairs and one for complete repairs. Chairman McClintock said that they are in agreement on getting bids, so Mr. Chrostowsky can go ahead with that, and they'll know what they have to work with. Rep. Miller asked who they are dealing with at the state level and said she would be glad to help.

9. Approval of Truck Lease Agreement:

Mr. Chrostowsky reported that he received the truck lease paperwork today and recommends that the Board authorize him to fill out and sign the documents. The lease matches what the Board approved in May.

Mr. Pennebaker made motion to approve the truck lease agreement and to authorize Mr. Chrostowsky to sign it. Ms. Mellinger seconded.

Ms. Mellinger asked if they have enough cash on hand to cover it, or will need to get an extension on the tax anticipation note. Mr. Chrostowsky replied that they will probably need to extend the note.

Motion to approve truck lease agreement carried 5-0-0.

10. VLCT Proposal on Change in Accounting Method:

Chairman McClintock stated that the proposal is to hire Bill Hall of the Vermont League of Cities and Towns (VLCT) as a consultant. Ms. Morse said that she was dismayed to see a letter from Town Treasurer Henrietta Billow objecting to the accounting change. Chairman McClintock said he had spoken with Ms. Billow, and that her concern is that it will be a lot of work, and that it would be easier not to make the change retroactive.

Chairman McClintock stated, in response to the letter's reference to concerns about covering up budget errors, that the reason to make this accounting change is to provide full transparency. An accrual method will present clear and accurate budget figures. He said that Ms. Billow indicated she is willing to move forward with this, but has reservations.

Ms. Mellinger asked about costs, and was told that the consultant would cost \$1400 and that Ms. Billow will charge \$20 per hour. Mr. Metcalfe stated that they should not pay Ms. Billow \$20 an hour. Mr. Chrostowsky said the information should all be right there.

Ms. Mellinger asked if auditors Sullivan and Powers had recommended an accrual system, and Ms. Morse replied that they had. Ms. Morse added that she would recommend a yearly audit.

Ms. Morse made motion to hire Bill Hall as budget consultant at a cost of \$1400. Ms. Mellinger seconded.

Ms. Mellinger confirmed that the fee will come out of Select Board professional services.

Motion to hire Bill Hall carried 5-0-0.

11. Budget Deficit Reduction Plan:

Chairman McClintock stated that the projected 2008 deficit is \$76,000 and that the 2009 budget is an estimated \$24,000 under on fuel costs. A building permit revenue decrease has added to the shortfall. He said that they can deal with the deficit by increasing the tax rate, by decreasing expenditures, or some combination of both.

Ms. Mellinger went over the plan she had prepared to deal with the deficit and the underbudget. For the deficit, she recommended using funds saved from paving, chloride, paying for the fire department camera from the fire department reserve fund, and the surplus carryover. This would cover all but \$5,163. For the budget shortfall, she recommended putting \$5000 in the reappraisal fund instead of \$15,000 and cutting fire department equipment spending by \$7,000 and Select Board spending by \$2,000.

Mr. Metcalfe said that the Town should not take the onus for the school budget, and the two should be separated. Mr. Pennebaker raised the possibility of using some of the \$35,000 landfill fund for deficit reduction, since the state has approved his methane remediation system that will cost only \$800 and Town labor to install. He said they should retain \$5,000 in the fund in case future work is needed.

Chairman McClintock calculated that \$10,000 from the landfill fund plus the four amounts listed by Ms. Mellinger would total a little over \$70,000. They may be \$30,000 underbudget going forward due to fuel and oil costs and a \$4,900 insurance increase. Chairman McClintock noted that there is also \$2,000 in savings from a truck lease.

Ms. Morse agreed with Mr. Metcalfe about not making the school budget their issue. She disagreed with some of Ms. Mellinger's suggested cuts. Ms. Morse said a combination of budget reduction and tax increase would leave a little extra for unanticipated expenses. Chairman McClintock said that School Board Chairperson Betty Benedict had told him that the School Board will certainly be looking at budget cuts.

Mr. Metcalfe asked whether they will vote on his tabled motion from the last meeting on covering the deficit. Chairman McClintock replied that he would like to wait on a firm deficit number, which they will get when the VLCT consultant finishes. There will also be more taxes coming in. He asked Mr. Metcalfe if he wants to amend his motion to deal with the budget shortfall as well. Mr. Metcalfe replied that he does not, and thinks they can get through the year with anticipated savings in landfill and reappraisal costs.

Mr. Metcalfe noted that the Town Treasurer is an elected official, and that the Board cannot tell her how to do her job. If she objects to the new budget accounting change, can they go forward with it. Chairman McClintock replied that Treasurer Billow had said she is willing to work with Mr. Hall. He also said that while her treasurer position is by statute, her bookkeeping position is not. Mr. Chrostowsky will get a VLCT opinion as to whether these are different functions.

Mr. Chrostowsky stated that they need a thirty day warning for a special Town meeting, and tax bills go out in September, so there must be a decision on the tax rate. Ms. Morse said that in order to warn a meeting in time they must use the deficit figures they have now. She suggested voting on Mr. Metcalfe's tabled motion to move things forward. The motion from August 4, 2008 was:

Mr. Metcalfe made motion to pay the deficit by first deducting the fund balance and paving amounts, then raising the tax rate, at a cost of about \$15.50 per \$100,000 home. Mr. Pennebaker seconded.

Chairman McClintock offered a friendly amendment to the motion to add \$10,000 cut from the chloride budget in order to decrease the tax amount.

Mr. Pennebaker offered a friendly amendment to add \$20,000 from the landfill reserve fund.

Ms. Morse said that taking money from the current budget leaves nothing to cover the shortfall or unanticipated expenses.

Mr. Metcalfe withdrew his tabled motion in order to offer a new motion.

Mr. Metcalfe moved to cover the budget deficit by using \$26,000 from paving, \$11,000 from carried forward budget surplus, \$10,000 from the landfill reserve fund, and \$10,000 from chloride; with the remainder to come from new taxes. Mr. Pennebaker seconded.

Chairman McClintock stated that these amounts would total \$57,000, leaving \$19,000 to be raised in new taxes. That would add less than a penny to the tax rate. Ms. Morse recommended using only the paving and fund surplus, using the other money for the budget shortfall. Mr. Metcalfe said that this motion represents a good compromise.

Motion to cover the budget deficit as specified above carried 3-2. (Metcalfe, McClintock and Pennebaker for; Mellinger and Morse against)

Chairman McClintock asked for public comment. Larry Johnson said they had done a good job on this. He commended Ms. Mellinger for doing a hard job and moving discussion forward.

Board members agreed that Mr. Chrostowsky will draft a meeting warning and they will come in for a special meeting to approve it Wednesday at 8:00 AM.

12. Review and Approve Meeting Minutes:

August 4, 2008 Select Board minutes

Ms. Morse made motion to approve August 4, 2008 minutes. Ms. Mellinger seconded.

The following corrections to the August 4, 2008 minutes were requested:

On page 3, under Item 7 (Water System Project Update), in first paragraph , third sentence: "August 16" is changed to "August 19." In third paragraph , fourth sentence: "fifty-year bond" is changed to "twenty-year bond."

On page 4, under Item 8 (Reappraisal Agreement), in first paragraph: "Cladfelter" is changed to "Clodfelter."

On page 5, under Item 9 (Brush Pile Fee Schedule), last sentence is changed to:

Ms. Mellinger noted that estimated tub grinding costs increased from \$2000 to \$8000 this year.

Motion to approve August 4, 2008 minutes as amended carried 5-0-0.

13. Review and Approve Warrants:

The following warrants were presented for approval:

General Warrant AP#6: \$149,413.58 (truck lease payments,landfill loan)

Ms. Morse made motion to pay AP Warrant #6. Ms. Mellinger seconded.

Ms. Morse asked where the money to pay the warrant will come from. Mr. Chrostowsky replied that it will come from the General Fund and from adding to the line of credit.

Motion to pay AP Warrant #6 carried 5-0-0.

General Warrant AP#5: \$ 14,896.51 (fuel, heating oil, insurance, misc.)

Ms. Morse made motion to pay AP Warrant #5. Mr. Pennebaker seconded. Motion carried 5-0-0.

Payroll Warrant PR#6: \$ 7,549.74

Ms. Morse made motion to pay PR Warrant #6. Mr. Pennebaker seconded.

Ms. Mellinger asked about constable expenses, and Mr. Chrostowsky said some were included in the AP warrant.

Motion to pay PR Warrant #6 carried 5-0-0.

Payroll Warrant PR#7: \$ 6,916.78

Ms. Morse made motion to pay PR Warrant #7. Ms. Mellinger seconded. Motion carried 5-0-0.

14. Other Business:

Mr. Metcalfe asked whether Town Attorney Rob Woolmington advised that the stone wall extending into the Town right of way on East Road should not be built. Mr. Chrostowsky confirmed that Mr. Woolmington advised that the wall not be built in the right of way.

Ms. Morse noted that Mr. Chrostowsky had handed out evaluation forms. She asked if they are doing the his evaluation, and Chairman McClintock replied that they are.

Ms. Mellinger made motion to adjourn. Ms. Morse seconded.

The meeting adjourned at 10:05 PM.

Respectfully Submitted,

Susan Swasta