

Town of Farmington
Board of Selectmen Public Meeting Minutes
Wednesday, January 18, 2023
Selectmen's Chambers
356 Main Street-Farmington, NH 03835

Board Members Present:

Gerry Vachon, Chairman
Charlie King, Vice Chairman
Ann Titus
Penny Morin
Doug Staples

Others Present:

Ken Dickie, Town Administrator
Mike Morin, Town Moderator
Blanche Tanner, resident

Call to Order:

Chairman Vachon called the meeting to order at 5 p.m.

Pledge of Allegiance:

All present stood for the Pledge of Allegiance.

Public Hearing:

Pursuant to RSA 33:8-a, I, the Town of Farmington Board of Selectmen will hold a public hearing on Wednesday January 18th 2023 at 5:00 pm to receive comment on the proposed issuance of a bond or note in the amount of \$1,400,000 for the design, permitting, construction, replacement and relocation of the Horne Town Road and River Road bridges.

Also on Wednesday, January 18th 2023 at 5:00 pm, a public hearing to receive comment on the proposed issuance of a bond or note in the amount of \$5,760,000 for the purpose of supply and treatment improvements to the Town's municipal water system. Work will include, but not be limited to designing and construction a solution to increase supply and improve water quality, particularly iron and manganese, and to comply with new drinking water standards required for manganese. The work may include a replacement well, associated treatment, or another option if it is found to be the solution that is in the best interest of the Town.

Motion: (Morin, second Staples) to open the public hearing passed 5-0 at 5:02 p.m.

Chairman Vachon opened the public hearing for any bonds this year and asked if there were any questions from the public. He said one bond is for \$1.4 million to replace the Hornetown Rd. and River Rd. bridges and the other one is for a well with a \$1.44 million grant that we got with 30% forgiveness with a total of \$7.2 million if needed.

Blanche Tanner asked if he would be reading the document in front of them that was on TV.

Mr. Vachon then read aloud from the proposed warrant article as follows:

"To see if the Town will vote to raise and appropriate the sum of \$1,600,000 (gross budget) for the design, permitting, construction, replacement and relocation of the Hornetown Road and

River Road bridges (the project) and to authorize the issuance of not more than \$1,400,000 of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA Ch. 33) and authorize the Board of Selectmen to issue and negotiate such bonds or notes and to determine the date, maturities, interest rate and other details of such bonds or notes; furthermore to authorize the withdrawal of \$200,000 from the Bridge & Road Design Capital Reserve Fund; and further to authorize the Board of Selectmen to apply for and accept any federal, state or private funds that may become available in respect of the Project to reduce the amount that must be bonded or to pay debt service on such bonds or notes."

Ms. Tanner asked if they would be discussing the bridge stuff at the **Budget Committee** meeting tonight or next week.

Mr. Vachon said they are presenting the proposed Town budget tonight.

Mr. Dickie said he believes they will be discussing the warrant articles at next week's Bud Com meeting when they have their public hearing.

Ms. Tanner asked if they knew what the interest rate would be.

Mr. King said the estimate that the tax impact is based on is 5% and they are expecting to get approx. 2.72% but they want us to use 5% for calculations. He said the tax impact of 32 cents is based on a 10 year bond at 5% interest. He said it should be in the 3% range but what that impact would be at 3% may only drop that a couple of cents.

He said because of the 10 year note we don't have as much total interest paid as a 15 or 20 year that's why they're looking at the 10 year note. He said the 15 year was about 26 cents and 20 year bond was about 24 cents so that's why we're considering that but we're not locked into that based upon the warrant article.

Ms. Tanner asked if this is going to be on the ballot or on the floor (at Town Meeting).

Mrs. Morin said it would be on the floor.

Mr. King asked Mr. Dickie if he confirmed that.

Mr. Dickie said he could but he already sent it to the Town Attorney and this goes on the floor.

Ms. Tanner asked if that would be true for the other warrant article about the well.

Mr. Dickie said yes.

Ms. Tanner said the notice says the purpose of this public hearing is to receive comment on the proposed issuance of a bond and asked what their comment would be-that they agree with this or don't agree with this.

Mr. King said it could be either way you could come and say you disagree and you don't think it's wise to spend so much money or you don't think we need to do it or that you agree.

Ms. Tanner asked what she was voting on and what this means to the taxpayer or rate payer.

Mrs. Morin explained that Ms. Tanner had moved on to the well.

Ms. Tanner asked what this means to us as taxpayers and rate payers and that this doesn't tell her how much she would be expected to pay.

Mr. King said at this point they have not determined how that will be split if at all. He said as they move forward they should calculate what the worst case scenario is on what the rate payers would bear and if they propose to split it.

Mr. Dickie said he had a phone call yesterday with James Emery (Emery & Garrett Groundwater Investigations) and Pete Stevens (Stevens Engineering) and he is going to supply him with what the impact would be with a 50/50 split, a 60/40 split or a 70/30 split and what the impact would be on the tax rate based on the split.

Mr. King asked if that has to be included in the warrant article.

Mr. Dickie said he would check with the Town Attorney tomorrow.

Mr. King asked if they need to amend this to include cost sharing if there's any or can they move forward because they are trying to secure the financing. He said this project may not even happen next year and they may do some testing but it may be a year or two before this gets finalized with the wells installed and the treatment facilities so we don't know what that total cost is going to be. It's up to \$7.2 million but it could be \$5 million he said.

Ms. Tanner said this is just to give the board the opportunity to pursue this.

Mr. King said and to secure this grant funding because if this warrant article doesn't pass we would lose the \$1.44 million plus the 30% forgiveness and we would have to go back in line for a grant another year.

Ms. Tanner said he said something about \$1.44 million and asked what that was.

Mr. Vachon directed her to the Clarifying Notes at the bottom of the page and read "The Town has secured an ARPA grant of \$1,440,000 for this project reducing the loan amount to \$5,760,000" and said that is a grant so there is no pay back on that \$1.440 million. We get \$1.44 million free and clear and up to \$5,760,000 as a bond with 30% forgiveness of whatever we need for the bond he said.

Ms. Tanner said this is just to secure that and asked if all goes well does this then have to come back before the taxpayers another year to talk about how much it is going to cost or if this is a done deal if we vote this in and whatever it turns out to be in terms of taxes and rates we're just going to accept that.

Mr. Dickie said the way it is written you're giving the Select Board the authority to pursue it and act on it.

Ms. Tanner said so whatever is decided we're going to decide without really knowing how much it is going to cost us.

Mr. King said they could secure the funding but when they talk to those guys we need to figure out those costs whether it's 50/50 or 100% at that amount and whether or not that needs to be amended onto the warrant article whether they want to put it on there or not. He said this has been kind of a rushed thing for them to get it on the ballot based on being awarded saying it needs to go on this year and we couldn't push it to next year to try to be more prepared. He asked what scenarios they should be looking at and should they put it on here or can they put it the following year on what that cost sharing would be. He asked if we get approved this year if they could put the approval of the cost sharing at a subsequent Town Meeting if there is any cost sharing on this approval.

Mr. Dickie asked if that gets shot down where that would leave us.

Mr. King said the debt has already been incurred so it would really be the voters deciding...

Mrs. Morin said it sounds like they have to have the numbers now because you can't make a firm decision if you don't know as a rate payer or a taxpayer what you're going to be voting on.

Mr. Dickie said that is what he is pushing Mr. Stevens for to get those numbers now so he can get them on this warrant article.

Mrs. Morin said they need to be there.

Mr. King said it changes it as far as what the taxpayers will see and asked if there is a deadline they need to meet for this warrant with that information on it.

Mr. Dickie said he needs to have that into the Town Clerk's office by Feb. 7 so she can get it

uploaded to the NH Dept. of Revenue Administration.

Ms. Tanner said as both a rate payer and a taxpayer she has to think ahead but maybe they could explain this rather than re-write everything if that's possible and if we're going to vote on these from the floor maybe they already have a plan for how they're going to present it so that people understand how we are going to be paying this.

Mr. King said they have not finalized it or figured the estimated cost yet. He asked if they were to put in a well and do a 20 year bond what that impact would be, how that would affect the rate, if it's not reasonable for the rate payers to do they have to consider cost sharing and at what cost basis just like when they did for the sewer plant where there was cost sharing on that because the rate payers couldn't fully absorb it. We're going to need to have that discussion sooner rather than later so we can amend this. Penny is right that it needs to be on here because voters can't make a decision on how it affects them he said.

Ms. Tanner made a sweeping gesture to the empty seats in the audience and noted there was no big crowd present for the public hearing and this is important. She said if they would be discussing this at each of their next meetings a little more information might be good but there are always going to be people who say they didn't know or didn't understand but if they don't get involved and don't ask questions they're not going to understand it.

She said if she was voting on this exactly the way it is without coming here tonight to get more information and she will get more as we go along she would say she would not vote on that because she doesn't know what it is going to cost her. She then thanked the board for their time and the opportunity to ask questions.

Mr. Dickie said he got a text message from the attorney that said the bonds are by ballot at the Town Meeting. He said the meeting opens, we debate the bond articles and then the bond ballot voting opens for one hour. It won't be on the ballot when you go to vote the day before, it will be at the Town Meeting the day after that he said.

Ms. Tanner said that's better because people can ask questions and get them answered a little further.

Mike Morin said he saw that they have a 3/5 ballot vote is required on these and for the Town it's a 2/3 vote.

Mr. Dickie said that legal said that by statute it's a required 3/5 vote because you're imposing a long term debt and when you're doing that beyond a certain amount the statute now says it requires a 3/5 vote.

Mr. Morin said so it's been amended by the state because the Town not being SB2 has always been 2/3 on bonds over \$100,000 and the school district because it is SB2 requires 3/5. He said traditional Town Meeting which the school used to be part of was a 2/3 ballot vote which is 67% which is higher than the 3/5 majority so that's quite the hurdle.

Mr. King said 3/5 is 60%.

Mr. Vachon asked Mr. Dickie to get some clarification on that.

Mr. Morin said he would look it up in the RSA's and see what it says.

Mr. Vachon asked if they can't get hard numbers for the well if they could get the worst case scenario for the total amount and the percentage.

Mrs. Morin said that is what they are doing with the other one going in at 5% knowing it's probably going to be lower.

Mr. Vachon said they also know that they're looking to bond \$1.4 million for that due to quotes

but with the bottom one they don't know what it is going to cost. He said if we only use \$3 million of that that will make the tax impact less but if we do need the full \$5.76 million that's the worst case scenario.

Mr. King said the \$5.76 million is not the worst case scenario because of the 30% forgiveness so the worst case scenario is \$4,032,000.

Mr. Vachon asked when the principal forgiveness takes effect.

Mr. Staples said as soon as the job is completed.

Mr. Vachon asked if they have to take the bond out beforehand to pay for the job and then they are going to forgive.

Mr. King said you would take disbursements against it and then once it's closed you would be paying interest only in that time where you are drawing down and then once you cap it you are paying the principal and the interest just like a construction loan. He said they should base it on the \$4.032 million and get estimates accordingly for 20, 25 and 30 years.

Mr. Dickie said he sent a text message and is waiting for an answer.

Mr. King said once they get that information they can determine if it's appropriate to have cost sharing and what that ratio would be. He said they may want to look at the ratio they did for the wastewater treatment plant as far as the cost sharing because that was 50/50 or 75/25.

Mr. Dickie told Mr. Morin that the attorney replied that the legislature changed it in 2020 to 3/5.

Ms. Tanner said we have a bond for the Public Safety Building and asked how much longer that is.

Mr. Dickie said he has the Town Report in his office.

Ms. Tanner said she could wait for an answer until after the meeting.

Mr. Dickie retrieved his copy of the Town Report and Mrs. Morin and Mr. King searched for an answer to Ms. Tanner's question.

Mrs. Morin found some information and Mr. King read aloud that the Public Safety Building bond was taken out in 2016 and is a 15 year bond at 2.16% interest rate and it will be paid off in 2031 so there's 8 years to go.

Ms. Tanner asked if that is the only bond the Town has.

Mr. King said there is also the bond for the wastewater treatment plant which was taken out to 2039.

Mr. Morin recalled it was a 30 year bond so that would put it at 2009 when it was taken out.

Mr. King said the sheet in this Town Report is showing 2020 to 2039 and there were 2 separate loans-one for the infiltration basin for \$1.5 million which is paid off in 2032 that is split between the town and wastewater and the other one is for the plant itself which ends in 2039.

He said the town has a loan for the self-contained breathing apparatus (SCUBA) which is paid off in 2024 and we have some leases for equipment.

Mr. Vachon said the fire truck and the dump truck we got last year are leased. He said the fire truck was for \$500,000 and the dump truck was \$136,000.

Mr. King said the fire truck was \$515,000 and the first payment was in 2021 and would be paid off in 2030. He said the plow truck lease was \$137,000 and would be paid off in 2026.

He said then there is a Groundwater Trust Fund loan for \$384,000 with a 2.272% interest rate taken out in 2020 for the new water meters.

He asked Mr. Dickie if he knew what the total current Water Dept. budget is.

Mr. Dickie said it is approx. \$330,000 right now.

Mr. King said if you were to borrow \$4 million over 28 years which is similar to this wastewater loan it would add approx. \$200,000 to their budget. He said if its \$325,000 it would be \$525,000 which would be a 60% total increase if it was borne by the users.

He said the worst case which is what this bind is that they're asking for would be a 60% increase to cover that over a 30 year bond but they will have to get some numbers and determine what's appropriate for what they want to put forth to the voters.

Ms. Tanner asked if all rate payers pay the same rate for water and sewer.

Selectmen said they weren't aware of any differences in the rates.

Mrs. Titus said it's the same water and that some people just use more.

Mr. Dickie said James Emery and Pete Stevens will attend the Select Board meeting on Jan. 30 to give us more insight.

Mr. King said in the 2020 Town Report it says the total debt to the Town was about \$5.5 million and the balance due on the wastewater treatment plant was \$3.1 million, the balance on the RIB project is \$500,000, the Public Safety Building balance is \$1.25 million, the breathing apparatus balance is approx. \$100,000, the plow truck balance is approx. \$85,000, the fire truck balance is \$450,000 and there was about \$300,000 left in the groundwater trust fund for the water meters.

Ms. Tanner asked if there is a maximum amount of money that a Town should not exceed for debt to Town and if there are rules about that for Town government.

Mr. King said they posed that question when it came up when Mr. Capello was still the Town Administrator and he had given them a number and he didn't know if it was a recommendation or a hard number but the number given was \$20 million in debt.

Ms. Tanner asked what that is based on because not every town would be \$20 million.

Mr. King said it was a ratio based on what our budget is and they should look at that but when it came up we seemed to be well under that.

Ms. Tanner said she wondered if the town's population had anything to do with this and how they determined how much debt a town should incur.

Mr. King said based upon the warrant articles and what he sees in the 2020 Town Report our debt we would be at \$11 million.

Mr. Morin asked for the valuation of the town.

Mr. King said its approx. \$567 million.

Mr. Morin said according to the Municipal Finance Act, RSA 33: 4-a, Debt Limitation for Municipalities towns shall not incur net indebtedness to the amount at any one time outstanding exceeding 3% of their valuation determined as here into provided. He said 3% of \$567 million is \$17 million so there's the limit.

Mrs. Morin said we did not take any long term debt last year.

Mr. King asked if that is the same for towns and cities.

Mr. Morin said that was for towns and there is different RSA for cities. He said he recalled it was also 3% for cities but water and wastewater are exempt from the ceiling limit so the well and the sewer treatment plant don't go towards the Town indebtedness for the maximum amount of money.

Mr. King said if that is exempt then out of that \$5.2 million pretty much all of our debt is based on water and sewer.

Mr. Vachon said then they have the fire truck, the plow truck, the Scott Packs (SCUBA) and the Public Safety Building for debt and asked Mr. Dickie to verify that water and sewer are exempt as information for the board.

Mr. King said just under \$4 million of our debt is for wastewater and water- approx. \$300,000 is left for the water meters and approx. \$3.6 million for the water and sewer upgrades. He said he believed the water/sewer projects were a total of approx. \$12 million and most of that money was paid through NH DES and some other grants and we financed \$6.2 million. He said the payments for the wastewater treatment plant started in 2011 and it probably was approved 2 years prior to that.

Mr. Morin said to answer Mr. King's question cities and towns are the same (3% debt limit).

Mr. King asked if he found out if water and wastewater are exempt.

Mr. Morin said RSA 33: 5 Sewage Systems and Sewage Treatment Works says that municipalities that receive orders from the NHDES to install sewage treatment works under the provisions of RSA 485 (a)... may incur debt by the issuance of bonds and notes for the construction of sewage treatment plants and sewage works outside the limit of indebtedness prescribed by RSA 33: 4.

Mr. King said his interpretation of that is the only thing that would be excluded is our wastewater treatment plant upgrades and not our water upgrades.

Mr. Morin said this one is on the sewerage list and there is a separate one for water works. He then read "...may incur debt for water by the issuance of bonds and notes for the purposes set forth by this chapter however such municipalities shall not incur debt at any one time outstanding exceeding 10% of their last locally assessed valuation". He said water and wastewater have different limits.

Mr. Staples said so the fire trucks, the levee and stuff like that would be 3%.

Mr. Morin said that is correct and that the school district is separate.

Mr. Vachon said they would need to keep 2 running tallies-one for 3% for general items and up to 10% and then asked if it's a total of 10% and if the 3% is out of that. Either way that's more than I'm looking to do. That's a lot he said.

Mr. Staples said it would be good to know that no matter what we'll be set with the levee too.

Mrs. Morin said it would be nice to knock some of the bonds off before we throw another one on.

Mr. Vachon said it sounds there are quite a few coming off in the 2030-2032 area. He said the only one going past that is the wastewater plant because even if the one for bridges passes that's off in 10 years.

Mr. King said the one for the self-contained breathing apparatus falls off next year and the plow truck in 2026. He said the wastewater treatment plant and the water meters would go past 2032 as the meters go to 2035.

He said there is some homework to do because if you say it's 3% for general stuff but then you can be over than at 10% if it involves water and sewer is exempt. He said water is exempt from the 3% limit but it's capped at 10%. He said based on those limits, we are pretty well within our limits if pretty low and he was curious to see what some of the surrounding towns are at.

Mrs. Titus said they need to get the word out there for people to come to Town Meeting because this is important. She said this is something that really needs to be done and it's going to cost us money and she is a water user but this is a necessity. People need to get out there-

their vote counts she said.

Mrs. Morin asked if they were considering putting out any information to voters about what's coming up on the ballot and if they thought about that.

Mr. Vachon said they haven't.

Mrs. Morin suggested that they discuss it and that they could do it through the Town website's list serve. She said they should start putting it out there so people are aware of how important it is and when the meeting is.

Mrs. Titus said they could do an e-mail blast with all of the information and people can read it and if they have any questions they can come to the meeting with them. She said she thought an e-mail would be more effective than a piece of paper in the mail because don't always read their mail right away.

Mr. Vachon asked Mr. Dickie if he has the proposed water and wastewater budgets.

Mr. Dickie said yes they are in the 2023 Proposed Town Budget binder.

Mr. King said he wondered if they could split the cost so if it exceeds more than a certain number the balance would be picked up through general taxation.

Mr. Vachon said they could and that would put most of it on the user and any additional on the taxpayer and make it easier on the tax payers. He said even without this the rents need to be adjusted which is a discussion they will have to have with Mr. Tiffany at a board meeting.

He asked if there were any more questions about the bonds from the public.

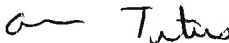
There were no additional public questions/comments so the following motions were made:

Motion: (King, second Titus) to close the public hearing passed 5-0 at 6:02 p.m.

Motion: (Morin, second Staples) to adjourn the meeting passed 5-0 at 6:02 p.m.

Kathleen Magoon
Recording Secretary

Gerry Vachon, Chairman


Ann Titus


Douglas Staples


Charlie King, Vice Chairman


Penny Morin