

**MINUTES OF THE SHAFTSBURY SELECT BOARD
OCTOBER 20, 2008
COLE HALL
SHAFTSBURY, VERMONT**

Board Present: **Lon McClintock (Chairman), Bill Pennebaker, Karen Mellinger**

Board Absent: **Cinda Morse, Wynn Metcalfe**

Others Present: **Henri Billow (Treasurer), Larry Johnson, Mike Gleason (Bennington Banner), Francis Kinney, Ken Coonradt (Trustee of Public Funds), William Fisk (Trustee), Barry Mayer (Trustee), Ben Benedict (Facilities Committee), Aaron Chrostowsky (Town Administrator), Susan Swasta (Recording Secretary)**

1. Call Meeting to Order:

Chairman Lon McClintock called the meeting to order at 7:00 PM.

2. Announcements:

Karen Mellinger stated that she had spoken to the chairpersons of the Shaftsbury and North Bennington school boards, who were receptive to meeting with the Select Board to open up a dialog. A special meeting has been set for Monday, November 10 at 7:00 PM. CAT-TV will film the meeting.

Ms. Mellinger announced that the swap shed is open and it looks great. Donations that fit the rules are gladly accepted. At this point clothing is not accepted, and ski equipment is discouraged.

Aaron Chrostowsky announced that a special meeting on the water system improvement project bond vote will take place Monday, November 3 at 7:00 PM, at the school. A mailing on this has gone out and there is information on the Town web site. The bond vote will take place November 4.

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:

Francis Kinney announced that the Shaftsbury school will hold a meeting at 6:30 PM on October 28 to discuss options on busing of students. Mr. Kinney stated that four options will be discussed. He would like to get the community involved in this discussion. Mr. Kinney gave some details on busing and on student numbers and costs.

5. Treasurer's Update:

Treasurer Henri Billow came to the table for discussion. Chairman McClintock reported that Ms. Billow has signed a collateralization agreement with Chittenden Bank, and it is now in effect. He explained that this agreement protects Town funds that are in the bank, since deposits are only federally insured up to \$250,000. Bill Pennebaker asked if this affects interest rates. Ms. Billow replied that it affects rates very little -- only a fraction of 1%.

Ms. Billow stated that funds are now available to pay off the \$350,000 line of credit, resulting in savings on interest charges. Chairman McClintock noted that there is \$497,000 in the checking account.

Ms. Mellinger made motion to authorize paying off the \$350,000 line of credit. Mr. Pennebaker

seconded. Motion carried 3-0-0.

6. Trustees of Public Funds Update - Investment Strategy:

Trustees William Fisk, Ken Coonradt and Barry Mayer, came to the table for the report. Chairman McClintock said that he had invited them to address the Board because of his concerns about how Town public funds investments are being affected by the financial crisis. Mr. Fisk distributed a report on investments to Board members. He explained that statutory guidelines control the kind of investments Trustees are permitted to make. Mr. Fisk said that their investment policy is to seek a balance between current income needs and protection from inflation. To that end, they allocate assets to 60-75% income investments, and 25-40% equity investments. These are diversified, and are periodically reviewed.

Mr. Fisk listed all the funds in the Trustees' charge. He reported on investment figures for this year, stating that the balance is down about \$600 from the beginning of the year. There were losses of about \$24,000 as of the end of September, which represents a decline of 11%. Mr. Fisk stated that \$10,000 in funds have been paid out. He noted that they are long-term investors and said that they have confidence that over time their investments will be justified. Historically investment income is about \$15,000 per year.

There was discussion of how much of the income is typically paid out. Mr. Fisk said it is roughly 66-80%, or about \$12,000 per year. The rest is reinvested. Chairman McClintock asked about the Huntington Cemetery Fund, and was told this fund is specifically to maintain Huntington family headstones.

Trustee Barry Mayer asked what the Town could do to increase assets, noting that nothing has been donated to funds in a long time. He said there may be residents who want to donate, or who know how to raise money. Ms. Mellinger mentioned that Chairman McClintock had suggested a capital campaign for Howard Park. She said it would be good to double the Recreation Fund, since it does not cover park expenses. Chairman McClintock stated that they are putting together a Capital Campaign Committee. The Board thanked the Trustees for their work.

7. Workers Compensation Policy Amendment:

Chairman McClintock stated that insurance agent Dave Newell was unable to attend tonight, but had sent an email explaining that he has created a classification for snow plowing that will decrease the workers compensation premium by \$482. Mr. Chrostowsky said they should adjust the worker's compensation premium amount deducted from payroll instead of waiting to pay it at the end of the fiscal year. Chairman McClintock replied that there will still have to be an audit, so the premium costs could be higher or lower based on that. Mr. Chrostowsky agreed, but said that adjusting current payments should avoid an unexpected bill in July, as happened this year. Any overpayment would be repaid in a rebate after the audit. The Board agreed that it makes sense to do this. Mr. Chrostowsky will deal with the change.

8. Facilities Committee Update:

Ben Benedict of the Facilities Committee came to the table for the report. He stated that the Committee has focused mainly on Cole Hall and the Town Garage. They have concluded that the best long-term approach is a new Town garage that better fills the needs of the Highway Department. The Committee sees Cole Hall as the historic centerpiece of Shaftsbury, and thinks it should be kept. They recognize the strain in the number of functions that Cole Hall currently serves, and recommend that meetings continue to be held here, but that new Town offices or an addition be added that is more in line with demands.

Mr. Benedict said that the Committee recommends hiring a planner to look more closely at these issues and suggest alternatives. The planner would not make specific recommendations as to

building styles or other details, but would focus on space needs. Chairman McClintock noted that the Town garage is too small and lacks space to cover sand and salt. Mr. Benedict stated that its overall condition is poor as well. Chairman McClintock agreed that Cole Hall does not have sufficient office space, and said that it also lacks security for the Town Clerk and Listers. He said that the Facilities Committee has now gone as far as it can go, and something more concrete is needed to go forward.

Mr. Chrostowsky said he had talked with someone from the state about a planning grant. These grants generally focus on land use, so a connection would need to be made to the Town Plan. Mr. Chrostowsky noted that there is language in the Town Plan on moving the garage and maintaining Cole Hall, so there is a connection. He said that the planning grant deadline is October 31. He and Mr. Benedict are working on a scope, and they hope local architects will help with costs analysis.

There was discussion of the \$11,000 left over from an Act 200 municipal planning grant. These grants are intended to apply to affordable housing, so it would be necessary to get permission from the state to use the funds for facilities planning. Ms. Mellinger asked if Board approval is required for Mr. Chrostowsky and Mr. Benedict to get proposals for a planning study. Mr. Chrostowsky replied that it is, but that he does not have a resolution ready tonight. Chairman McClintock said that they can call an emergency meeting to sign a resolution if needed. Mr. Chrostowsky asked if Town funds could be used to hire a consultant. Ms. Mellinger said she would prefer to hold that money, and asked that experts from the Facilities Committee be called upon instead. Mr. Pennebaker asked if there is adequate time to get the grant in, and Mr. Chrostowsky replied that there is.

9. Proposed Budget Schedule:

Chairman McClintock stated that the budget schedule they have set up is similar to the plan from last year. Ms. Mellinger said it seems to go later, and she is concerned that the Town Auditors won't have enough time. Mr. Chrostowsky said he had talked with one of the auditors. There was discussion of the schedule, which sets weekly sessions beginning at 6:00 PM, with longer sessions on the Mondays that there are no Board meetings. Department heads would come in for discussion in December, and the Board would work independently in January.

Mr. Chrostowsky said he wants to give department heads time to prepare in November, so he can have figures for a budget spreadsheet by December 1. Ms. Mellinger noted that this means that an initial budget draft will be ready before the Board meets with department heads. She said the Board needs to decide how they will approach the budget -- whether it will be a flat-line budget or will specify a percentage increase or decrease. She supports a flat-line budget to start, and would like to let department heads know this.

Chairman McClintock said he supports a zero-based budget, with each department head creating his or her budget and defending needs. He does not support zero increase for highway crew salaries, noting that with 4% inflation this would be a salary cut. Mr. Chrostowsky said he will add another January meeting, for department heads to give one last pitch after they know what their budgets will be. Ms. Mellinger said she does not know if they can come to consensus on a flat-line budget tonight with just three of them present. She asked that the timeline be run by the auditors again, and would like the schedule posted on the Town web site.

Chairman McClintock said they should amend the schedule to make the January 19 meeting open to department heads, and add that to the letter going out to department heads. There was discussion of whether or not this letter should specify a flat-line budget. Ms. Mellinger and Mr. Pennebaker felt that it should, and Chairman McClintock felt that it should not. Chairman McClintock, noting that there is no consensus, said that the letter will reflect tonight's conversation and state that some Board members support level funding. Mr. Kinney said he hopes they look long and hard at the budget. Chairman McClintock replied that right now the budget is in good shape, and that they need to both control spending and provide services.

10. Photocopier Proposal:

Chairman McClintock asked if they should wait for full Board attendance to approve the photocopier expenditure. Mr. Chrostowsky replied that the amount is less than what is currently budgeted for a photocopier. He said that toner is included for up to 60,000 copies a year. Mr. Chrostowsky recommends a black and white copier rather than a color one because of cost, and because there is no great need for a color copier. He feels that a networkable scanner is a strong plus, and that they need to replace the current copier because they have problems with it every week. Chairman McClintock asked what the useful life of the copier would be, and Mr. Chrostowsky replied that it becomes obsolete after five years, so he recommends a 60-month lease. Mr. Kinney suggested checking with the schools central office to see if there would be a saving. Mr. Chrostowsky will call them.

11. VLCT Proposal Opposing Proposed Cuts in Local Highway Aid:

Chairman McClintock said that he does not think the state should be cutting funds in this area. The Vermont League of Cities and Towns (VLCT) recommends that towns support a resolution opposing the cuts. Mr. Chrostowsky estimates that the cuts would cost Shaftsbury about \$11,366.

Ms. Mellinger made motion to approve the VLCT resolution opposing proposed cuts in local highway aid and forward it on to appropriate officials. Mr. Pennebaker seconded. Motion carried 3-0-0.

12. Review and Approve Minutes:

October 13, 2008 Select Board minutes

Ms. Mellinger made motion to approve October 13, 2008 minutes. Mr. Pennebaker seconded. Motion carried 3-0-0.

13. Review and Approve Meeting Warrants:

The following warrants were presented for approval:

Retirement Warrant 14R: \$ 5,685.06 (employee retirement plan)

Ms. Mellinger made motion to pay Retirement Warrant #14R. Mr. Pennebaker seconded. Motion carried 3-0-0.

Payroll Warrant PR#16: \$ 7,195.17

Ms. Mellinger made motion to pay PR Warrant #16. Mr. Pennebaker seconded. Motion carried 3-0-0.

General Warrant AP#15: \$ 24,110.81 (diesel fuel, transfer station management fee, health insurance, calcium chloride)

Ms. Mellinger made motion to pay AP Warrant #15. Mr. Pennebaker seconded. Motion carried 3-0-0.

14. Town Administrator Update:

Mr. Chrostowsky reported that the availability of the state drinking water revolving loan fund has not been affected by the current financial crisis. The money has been set aside for the Town's project. But the money may not be available in the future, should the bond not be approved by voters. Mr. Kinney asked about the unit system that has been created to determine costs charged

to water users for the project. Chairman McClintock and Ms. Mellinger explained the system.

15. Other Business:

Mr. Pennebaker reported that the methane remediation system is doing what was projected, which is very good news.

Chairman McClintock thanked Ms. Mellinger for getting the water project bond vote newsletter out. Ms. Mellinger said she will also submit a letter to the Bennington Banner. Chairman McClintock said he will give a six-month summary of Board activity at the November 3 meeting. Ms. Mellinger will include this information in the letter.

Ms. Mellinger made motion to adjourn. Mr. Pennebaker seconded.

The meeting adjourned at 9:16 PM.

**Respectfully Submitted,
Susan Swasta**