

**CHARLOTTE SELECTBOARD
MINUTES OF MEETING
TOWN HALL
JANUARY 28, 2013**

APPROVED

SELECTBOARD MEMBERS: Charles Russell, Chair; John Owen, Winslow Ladue, Ed Stone. Absent: Dennis Delaney.

ADMINISTRATION: Dean Bloch, Selectboard Clerk.

OTHERS: Moe Harvey, Peter Trono, Rayne Herzog, John Snow, Mary Mead, Robert Mack, Chris Davis, Heather Manning, Ellie Russell, Stephen Brooks, Sue Hodgson, Meg Berk, Andy Simon, James LaBerge, Jeff Olesky, Claudia Mucklow, Bill Fraser-Harris, Jenny Cole, Sue Smith, Vince Crockenberg, Carrie Spear, Sharron Balaban, Matthew Hough, David Nichols, Meg Modley, Josh Flores, Hugh Lewis Jr, Patrice Machavern, Carol Casey, Charlotte Citizen, John Hammer, Charlotte News, and others.

CALL TO ORDER

Mr. Russell, Chair, called the meeting to order at 6:30 p.m.

ADJUSTMENTS TO AGENDA

Add: Thompson's Point Lease, Lot 18.

PUBLIC COMMENTS

Ms. Manning, resident, reported that the Grange would host a candidate's night on Tuesday, February 19, 2013, at 7:00 p.m. at the Senior Center, and a review of a School Board two-part ballot item.

Ms. Manning reported that a Community Action Group would host a planning meeting regarding recent area burglaries Thursday, 01/31/2013, 7:00 p.m. at the Town Hall.

MINUTES

Approval of the Selectboard 01/14/2013 minutes was tabled until the next meeting of the Selectboard.

CVFRS 5-YEAR FORENSIC AUDIT – action item

Ms. Mead, Charlotte Town Clerk/Treasurer, read a written statement regarding a proposed 25 percent increase in the CVFRS budget over last year, concerns regarding CVFRS Special Fund accounts and an overview of events/meetings that resulted in a 5-year audit of the CVFRS books. January, 2012, the Town Treasurer was asked to take over the Fire and Rescue books immediately because someone felt that there might have been embezzling, reviewed Ms. Mead.

Ms. Mead asked the Fire and Rescue to put in real budget numbers that included Special Funds to showed all capital and operating revenues and expenditures, and to contribute

surplus funds as an offset to the Town CVFRS budget line item and that the Town should control all of the Fire and Rescue funds.

Ms. Manning asked Mr. Russell if he relayed those words, fraud or embezzlement, back to the other Selectboard members.

Mr. Stone suggested that the Selectboard enter Executive Session to discuss the statements related to embezzlement and fraud, which was the first time he had heard about that issue. Mr. Russell asked Mr. Stone to state why the Board should enter Executive Session. There have been many conversations during meetings between the Town Treasurer, the Selectboard and the Fire and Rescue departments regarding the issues. The Selectboard was well aware of accusations and had consulted the Town Attorney, consulted with Fire and Rescue and were careful on how the issues were approached, said Mr. Russell.

Ms. Mead asked the Selectboard to ask the Fire and Rescue departments to implement the auditors' recommendations immediately. Mr. Russell replied that he was saying that the Selectboard was comfortable with the current Corporate Board and that unitary budget would be in place by July 1, 2013. Mr. Davis clarified that a consolidated budget would be in place.

Ms. Mead asked how a CVFRS consolidated budget could be done if the operating budget was in the Town budget, and Special Funds were accounted for by Fire and Rescue and used for their needs. Fire and Rescue should be responsible to the Town, stated Ms. Mead. Mr. Snow explained that accounts could be in multiple places, but budgets in one place. He could explain how budgeting could be done to Town staff if that helped, said Mr. Snow.

There was lengthy discussion regarding money received by the Fire and Rescue from insurance companies. Mr. Davis explained that \$10,000 was received for a recent accident, out of which payments were made to other responding fire departments based on an hourly billing schedule provided by the state. The department received a total of \$20,000 and \$9,000 was paid out of that to other agencies, said Mr. Davis.

Mr. Harvey pointed out that the fire trucks were Town equipment. Why wasn't the insurance money paid to the Town for wear and tear on Town equipment, asked Mr. Harvey. Mr. Russell said that there was no legal agreement/policy between the Town and the Fire and Rescue. Mr. Snow explained that revenue from patient billing was handled through a Newport service. Other events that result in insurance billing, such as hazmat situations, were very infrequent. CVFRS would support a written policy regarding how money gets applied, said Mr. Snow.

Mr. Mack said that the Corporate Board has been working on the CVFRS budgets and documents for a long time. There was no clear pattern on how money was disbursed. A professional should be hired to pull it all together since it was clear that a volunteer department wasn't up to the task, said Mr. Mack. Mr. Davis replied that Fire and Rescue

have been working with the Selectboard to complete the audit piece, which was still in draft form and had not been signed. CVFRS was a volunteer service doing its best to provide a service to the community. The Corporation was a private entity as per the incorporation documents. The incorporation charter includes a provision that the Town could take over the departments if the Corporation fails in its mission. There were no fire officers that worked in Town anymore. A paid EMT/Firefighter was needed to provide daytime coverage, explained Mr. Davis.

There was further discussion regarding the events that lead to an audit of the Fire and Rescue books. Ms. Manning said that the Town Meeting warning, Article 1, was to hear the reports of Town officers. The Fire and Rescue report printed in the Town Report was a permanent record. She would bring accounting issues up at Town Meeting. Concerns came internally from the CVFRS, not Ms. Mead or the Selectboard, said Ms. Manning.

Mr. Flores stated that the Selectboard agenda calls the audit a “forensic audit” and the report was not a forensic audit. A forensic audit looks at problems and in closing should say; yes there was fraud, or no there wasn’t. If it was a forensic audit then the front cover of the audit report would state it was ‘A Forensic Audit’, which it does not. This audit was a full audit of accounts. This was a process that was done each year anyway. An issue of embezzlement came to me and I went to the Corporate Board. Within days decisions were made to involve the Selectboard. If minutes of meetings were reviewed you would find that a decision was made to have the CVFRS books looked at. The Town auditors reviewed the books, past independent auditors had looked at the books, and the State Auditors’ Office looked at the books and said ‘why do an audit - it was sloppy bookkeeping’. The Town spent \$30,000 to find that out, said Mr. Flores.

Ms. Balaban said that there were benefits from the audit. The Town could save money if there was a clear accounting of income and expenses, and Fire and Rescue could feel more secure that there was no fraud. As someone who does the Town accounting she wanted a clear accounting versus poor accounting practices, said Ms. Balaban.

Mr. Trono asked how many of the auditor’s 12 recommendations were in place. Mr. Snow replied that the Corporation Board was working on the recommendations. However, there was no signed audit at this time. When a signed audit was received the Board would review it and respond then, said Mr. Snow. Ms. Mead said that she has already completed some of the audit recommendations for Fire and Rescue.

JOB DESCRIPTION FOR RECREATION COORDINATOR – action item

Mr. Russell reviewed that the Selectboard has accepted a resignation from Deb Stone as Recreation Coordinator. Ms. Stone has done an incredible job for the Town and will be sorely missed, said Mr. Russell.

**MOTION by Mr. Owen, seconded by Mr. Ladue, to approve proposed changes to the Job Description for Recreation Coordinator, to include 20 hours as amended.
DISCUSSION:**

Ms. Manning pointed out that currently the Town had two line items in the budget - one for the Recreation Coordinator and one for the Beach Coordinator. If the two positions were merged then there should be a single line item, suggested Ms. Manning. Mr. Russell concurred.

VOTE: 3 ayes, 1 nay Mr. Stone, 1 absent (Mr. Delaney); motion carried.

RAYNE HERZOG, RACEVERMONT.COM – 2013 RACE SCHEDULE - action item

Mr. Herzog submitted a revised race route map that highlighted locations of police and volunteer traffic control points.

Mr. Herzog explained that bike racers would naturally take a right turn off Greenbush Road at the Thompson' Point Road intersection. The terrain was uphill as that intersection was approached and bikers were going slowly at that point, said Mr. Herzog. Mr. Flores expressed concerns that traffic from Thompson's Point Road wouldn't expect a biker to take that smooth right turn. Mr. Herzog said that a volunteer would step out into the road and a biker would pass on the inside of the volunteer. Bikers were responsible for following traffic guidelines, stated Mr. Herzog.

Mr. LaBerge, Greenbush Road resident, stated that he lives on that corner and has put up with time trials and bike races. It is our town and racing hinders traffic and all taxpayers. He has picked up trash off his lawn from the bikers, and wanted a break from all the biker racing, said Mr. LaBerge. Mr. Herzog said that he would personally pick up anything trash left on Mr. LaBerge's lawn during the sprint races. He stressed community awareness to the participants. The number of participants in the Sprint race was limited to 200. Other events happen where there was no limitation. This race goes only north. The Olympic long distance race has about 50 participants and they should be spaced out with no 'pack' riding, said Mr. Herzog.

Mr. Flores suggested that the curve be swept before the race. Mr. Herzog said that intersections were swept the day before.

Mr. Fraser-Harris, Recreation Committee, said that Mr. Herzog comes before the committee to seek permission for his events. In Rayne's defense his was one of the few events that donates \$1per racer to the Town. Last year it was a \$600-700 donation, said Mr. Fraser-Harris.

MOTION by Mr. Owen, seconded by Mr. Ladue, to approve a request to use Town roads for a proposed 2013 Sprint Race schedule for July 6, August 3 and 18, and August 18 for an Olympic Triathlon race.

VOTE: 3 ayes, 1 nay, (Mr. Stone), 1 absent (Mr. Delaney); motion carried.

JONATHAN COUTURE'S APPEAL OF PLANNING COMMISSION'S DENIAL OF APPLICATION FOR A SUBDIVISION AMENDMENT – action item

Mr. Bloch said that the Selectboard might enter Executive Session at a later time to discuss consideration of an appeal by Jonathan Couture.

WAITSFIELD CHAMPLAIN VALLEY TELECOM – PETITION TO INSTALL A TELECOM CABINET ON SPEAR STREET 120 FEET NORTH OF MORNINGSIDE DRIVE – action item

MOTION by Mr. Owen, seconded by Mr. Ladue, to approve a petition to install a Waitsfield Champlain Valley Telecom cabinet on Spear Street 120 feet north of Morningside Drive as presented.

VOTE: 4 ayes, 1 absent (Mr. Delaney); motion carried.

KILEY OPEN SPACE AGREEMENT - action item

MOTION by Mr. Ladue, seconded by Mr. Owen, to approve an open space agreement for a Kiley family subdivision.

VOTE: 4 ayes, 1 absent (Mr. Delaney); motion carried.

MOVE PROCEEDS FROM THE SALE OF THE ‘HOSE-REEL TRUCK’ (\$10,000) FROM THE TOWN GENERAL (UNRESTRICTED) FUND TO THE CVFRS CAPITAL FUND – action item

MOTION by Mr. Ladue, seconded by Mr. Owen, to approve a proposal to move the proceeds from the sale of the “Hose-reel Truck” (\$10,000) from the Town General (unrestricted) fund to the CVFRS Capital fund as presented.

VOTE: 3 ayes, 1 nay, (Mr. Stone), 1 absent (Mr. Delaney); motion carried.

FY2013-2014 BUDGET – action item

Mr. Russell reviewed optional uses for a projected Town budget surplus that included returning the money to taxpayers, or setting the funds aside for future Dorset Street bridge repairs.

Mr. Ladue explained repairs needed for Bridges # 14, 30, and 31, estimated costs of \$700,000 for the Dorset Street Bridge, and a grant application for \$175,000 for scoping and design work. The Town could either leave the bridge as is, borrow money and pay interest, or put money aside for a few years in a reserve fund, said Mr. Ladue.

Mr. Mack asked if the \$208,000 surplus was a ‘real’ amount. Was the Town proposing to put \$150,000 for bridge repair in the Highway budget, asked Mr. Mack. Ms. Mead explained that the Fire and Rescue had money left in the Citizen bank account at the end of 2011 so they did not receive their entire amount in 2012. She couldn’t say that the money would be in the bank. It was on paper, but not ‘real’ money. The safe thing to do was to draft a budget with what was needed and to set the tax rate. In June if there was a surplus then that could be given back to the taxpayer, said Ms. Mead.

Mr. Owen and Mr. Stone spoke in favor of returning the money to the taxpayers. Mr. Owen pointed out that the school tax rate was going up and any surplus should be applied to reducing the tax rate. Mr. Ladue spoke in favor of funding a Bridge Repair Reserve fund.

Ms. Machavern suggested wording a Town Meeting article as follows "...authorization to use a surplus to put toward a Capital project." Then in July the Selectboard could decide to apply a surplus portion to a project, or to reduce the tax rate, said Ms. Machavern.

Mr. Bloch reviewed changes to the CVFRS line item, Patient Billing, page 2 and 4, of \$110,000. The Town paid the 8 percent Newport billing fee, so \$105,000 should come to the Town, said Mr. Bloch.

Mr. Russell said that the Town budget had shown the figure as a net amount in the past. A notation of "(net)" could be used to clarify the figure, suggested Mr. Russell. Ms. Mead said that the Fire and Rescue line item in the Town budget should have two lines. If a gross number was used it would be revenue of \$110,000 Patient Billing, and Fire and Rescue expense of \$101,200 and the 8 percent fee expense Patient Billing – Newport of \$8,800. Mr. Russell suggested showing \$609,150 for Fire and Rescue – Operating, page 11 of the Selectboard budget, and footnoting that the \$110,000 revenue Fire and Rescue was gross, not net.

Ms. Manning suggested adding an article asking the taxpayers if a Reserve Bridge fund should be created, or "...funding for reconstruction, or repair of Town bridges". Mr. Lewis, Charlotte Road Commissioner, spoke in support of discussing the bridge repairs at Town Meeting.

Proposed Town budget changes:

- Repair and Maintenance fund, Senior Center parking lot lighting proposal - change \$15,000 to \$10,000.
- Recreation ADA compliant playground change to zero.
- Conservation Fund, change to one-half cent on the tax rate from one and one-half cents.
- Town Hall repairs – eliminate \$35,000 and delay repairs to a future budget.
- Change the CVFRS budget line item total to \$609,150.
- Combine Recreation Coordinator and Beach Coordinator line items with no change to the total.

There was lengthy discussion regarding the proposed CVFRS budget line item. Mr. Davis explained that the CVFRS tried to draft a budget that reflected the current level of service. There were some budget funds that were restricted, such as the Tower fund. One qualified person was needed to man the ambulance during the day, said Mr. Davis. Mr. Snow reviewed proposed budget increases that were related to the cost of one EMT/Fire fighter position, provide for administrative service and a bookkeeper to improve the accounting system.

Mr. Ladue asked if the current level of service had changed in the last 10 years. Mr. Davis said that there has been an increase in payroll on the Rescue side. Volunteer members were an issue, said Mr. Davis. Mr. Snow noted that a second ambulance saved the Town money when the main ambulance was out of service. The second ambulance

was not staffed, said Mr. Snow. Mr. Davis explained that if a department couldn't provide service then the state would pull the license. The Town could hire some other service to cover the town as an option, for example. Currently the fire department was at its lowest number of volunteer fire fighters, and that was happening all over Vermont. A daytime EMT/Firefighter was needed for coverage. Put the Fire and Rescue budget as a separate article, suggested Mr. Davis.

Mr. Mack asked if part of the Special Funds could be used to offset expenses. Mr. Snow explained that if Special Funds income was included then the Special Funds expenses would need to be included as well. That would be a net zero effect on the budget. CVFRS used the Special Funds for expenses beyond its operating budget. The Corporate Board was working on drafting a unified budget by the end of June, 2013, for FY2014-2015. There was no way to build a unitary budget between March and June, stated Mr. Snow.

Ms. Mead asked what the Barrows Fund income was historically used for in the past. The department knows what the quarterly check would be. The money was gifted by the Barrows Trust to send a check to the Town and the money was to be used for Fire and Rescue. The Town was asking the department to use the Barrows money to offset operating expenses. The Special Funds should be included so the burden on the Town would be lessened, and CVFRS would not have the Town's \$600,000 plus the Special Funds for a total of \$800,000 to spend. It has nothing to do with unifying a budget in June. It is a community fire and rescue service so use the funds to lessen the burden on the community, reiterated Ms. Mead.

Ms. Manning stated that it was the Selectboard's responsibility to give guidance and put pressure on an entity to use funds to reduce their budget.

In response to comments and questions, Mr. Snow said that the Special Funds are and have been spent on legitimate Fire and Rescue expenses. For example; CVFRS spent \$12,500 for new locks on the Fire/Rescue building. Rescue keeps drugs in the ambulance and there have been break-ins. The CVFRS budget has been level funded for the last three years. The only proposed increases were for an EMT/firefighter, an administrator and a bookkeeper. A 'level of service' is being able to run the fire trucks, or ambulance to emergencies without relying on mutual aid, said Mr. Snow.

Mr. Owen, Mr. Ladue and Mr. Russell spoke in favor of the proposed CVFRS budgets (page 11) with an \$110,000 increase in revenue. Mr. Stone asked for a \$110,000 reduction.

**MOTION by Mr. Ladue, seconded by Mr. Owen, to approve the proposed Selectboard budget as amended with a total budget amount of \$3,013,766.
VOTE: 3 ayes, 1 nay (Mr. Stone), 1 absent (Mr. Delaney); motion carried.**

WARNING FOR THE TOWN MEETING 2013 – action item

Ms. Hodgson and Mr. Simon explained that a petition to add an article to the Town Meeting Warning to prevent using an existing pipeline in the Northeast Kingdom to move tar sands oil.

Mr. Russell suggested put on an advisory article on the Warning following the WWII monument article. Mr. Ladue, Mr. Stone and Mr. Owen said they had no issue with the request.

Proposed changes to the Town Meeting Warning:

- Add the proposed petition language regarding tar sand oil as an advisory article following Article 7.
- Article 3, total budget amount of \$3,013,766.
- Article 4 title changes to Article 5.
- Article 5, place before Article 3, and add the wording at the end "...to be deposited in the Highway Fund for repair or replacement of bridges."
- Article 7, change to read "...will the Town vote to move the WWII monument...".

Mr. Hammer reviewed a proposed article to appoint a committee to investigate/study ways to increase interest and participation in the annual Town Meeting over the next year. If a committee was not appointed, the parties interested in the issue would still work as a committee, said Mr. Hammer.

Ms. Russell suggested that the Selectboard appoint a committee versus proposing an advisory article.

The Selectboard spoke in favor of appointing a committee on a future Selectboard agenda.

MOTION by Mr. Owen, seconded by Mr. Ladue, to approve the Warning for the Town Meeting 2013, as amended.

VOTE: 4 ayes, 1 absent (Mr. Delaney); motion carried.

SELECTBOARD UPDATES – discussion only

None.

APPROVE WARRANTS TO PAY BILLS

The Selectboard members signed warrants.

ADJOURNMENT

MOTION by Mr. Stone, seconded by Mr. Ladue, to adjourn the meeting.

VOTE: 4 ayes, 1 absent (Mr. Delaney); motion carried.

The meeting was adjourned at 10:16 p.m.

Minutes respectfully submitted, Kathlyn Furr, Recording Secretary.

