

EMERALD LAKE VILLAGE DISTRICT

2015 WARRANT ARTICLES TWO THROUGH TWELVE

EXPLANATION AND COMMENTARY

Article 2: Reports to the Residents

This is a standard article that merely includes the reporting to the residents of information including discussion of the contents of the Annual Report.

Article 3: District Official Stipends

The auditors require a vote on stipends. This articles asks whether voters wish to reconsider having stipends at all, or to confirm the amounts involved. It also authorizes the BOC to continue with any stipends until further change is requested.

A “no” vote would abolish stipends. Some Commissioners feel they should be abolished entirely, as there are minimal amounts involved. Stipends can potentially create more complications in reporting taxable income and potentially classifying district officials as employees for all purposes, which represents additional cost and may not be advantageous to the individual recipients. We also hope that people will run for office because they want to support their District and make it a better place; not because they get a check. Reimbursement of expenses (including mileage) can *always* be made without any impact on stipends.

A “yes” vote would establish the stipends as listed, *subject to amendment from the floor* after discussion. Currently, the stipends are \$100 a month per commissioner and for the clerk; \$125 a month for the treasurer; and \$50 a year for a moderator. The Board is unaware of any reason for the Treasurer to be paid more money than the Commissioners and Clerk. Therefore the listed amounts do reflect this change.

Article 4: General Fund Operating Budget

This is a standard article that authorizes expenditures under the 2015 Budget for operating the District (nonwater expenses).

Article 5: Water Fund Operating Budget

This is a standard article that authorizes expenditures under the 2015 Budget for operating the District Water System.

Article 6: \$15,000 Appropriation for Recreation/Beaches

In lieu of continuing to add to the Meetinghouse Fund this year, the BOC wants to focus on repair and improvement of the beaches.

The acquisition or construction of the District's own meeting facility is currently funded at ap. \$20,025.00, and remains a desirable goal to enable the existence of a facility within the District which should encourage attendance at District meetings and events, and can also serve as a community center for its residents. Currently, the District can hold meetings at the Town offices but this is subject to availability, and we cannot have consistent scheduled meetings. The District Office is not handicapped accessible for meetings.

The Commissioners wished to focus instead this year on the beaches and recreation facilities, which are a key part of living in the District, and which are in need of upgrade, repair and improvements. Among these projects is contemplated the replacement of the fence around the basketball court at Eastman Park, the need to do grading and basic improvements (new picnic table) at the new ELPOA beach site, the construction and installation of kiosks at all four beaches using the existing two glass case message boards and acquiring two more, and the replacement and addition of signage at all four beaches, grading for access and parking at Eastman Park, repair or remediation of the ongoing gully and slump in the Hummingbird Beach parking area, and some minimal landscaping. In addition, the Commissioners plan to have constructed a rig to raise and lower the lake level at the outlet (outlet gate) without requiring an individual to get into the water, which is a long overdue measure to avoid health and safety issues representing a present danger to anyone having to get into the lake for this purpose; and, which will allow lake levels to be more easily controlled, especially in times of heavy rain and potential flooding.

Article 7: Adding \$10,000 to the Roads Capital Improvement Fund

The Roads Capital Improvement Fund currently has a balance of ap. \$10,152. The Commissioners recommend continued contribution to this fund in anticipation of an expanded road improvement plan. In the meantime, the Commissioners have reviewed the current Roads & Bridges proposed budget with Skippy Edwards as our road contractor; and allocated ap. \$18,000-\$20,000 this year to repairs which were not in the budget last year. Those repairs will include replacing several culverts and addressing any washouts that result from what we anticipate to be a very wet spring after record snow levels this year.

Article 8: New Capital Reserve Fund for the Water System Including Continued Main and Line Replacement ("Phase 2")

The District voted last year not to increase its borrowing to finance continued water line and main replacement after completion of Phase 1, at the continued annual meeting in July 2014. The current debt takes 50% of all water revenues to sustain. Borrowing government funds is also costlier in the long run, as it requires payment of additional administrative fees, compliance costs, expensive engineering & design costs, and adhering to federal wage standards as well as other hidden costs. Instead, the District has started work on a long term capital improvements plan ("CIP") to consist of self-funding of improvements on a phased basis from yearly appropriations into a special purpose reserve fund. This will allow us to use our existing

contractors most familiar with our system with bidding, and to gradually address line replacement street by street, as well as other major upgrades or new components as they become necessary. This water system will always need revolving work over its lifetime, which the CIP will take into account.

The Commissioners are recommending that instead of expensive state financing, we continue "Phase 2" improvement of water lines by self-funding which is done through establishment of a new Capital Reserve Fund devoted to that purpose. The District is going to be updating and expanding a Capital Improvements Plan ("CIP") originally developed in 2012. The Commissioners anticipate doing 1-2 branch roads a year but want to start building a fund until the Plan is done, roads are identified, and estimates obtained, which may take an additional 1-2 years.

In the meantime, the Commissioners propose to initially fund the CIP Reserve with \$25,000 this year, most of which will probably be used in 2015 in order to accomplish the following recommendations by Water System Operators needed to leverage improvements off of the completion of Phase 1: (1) Sunrise Place & Turtle Bridge Connection to New Main; (2) Sunrise Place & Moccasin Trail Connection to New Main; and (3) Huntington Drive and Ellenbrook Crossing- Tie into New Main at end of Huntington Drive. These improvements will complete loops and take certain sections off the old system, reducing risk of leaks. Our leak related repairs this year ran about \$22,000 which was absorbed into the existing water operating budget. We continue to allocate about \$20,000 to leak repairs and \$23,000 to nonleak repairs in our recommended 2015 budget. *We will always continue to have unanticipated repair needs due to the age of the system.*

PLEASE NOTE: Due to the commencement of large bond payments as of May 2014 for Phase 1, the District is experiencing cash flow issues for water expenses. IT IS POSSIBLE THAT THE BOC WILL HAVE TO INCREASE THE WATER RATES IN THE SECOND ISSUE (BILLING ROUND) IN 2015. The Commissioners are hoping that this may be only \$50 to \$100 a year. This increase would be necessary not only due to existing cash flow problems after bond obligations we currently have, but also intended to allow us to build a balance in the new Water CIP Reserve Account for the continued replacement of lines and mains through self-funding rather than even more expensive borrowing.

We continue to retain a balance of ap \$43,000 in the Water Surplus Account maintained by the Town Trustees. However, this is our "savings" account for emergencies and other unanticipated costs. For instance, we used funds from this account to acquire the ELPOA beach properties as a buffer for the Meetinghouse Well to further our plans with DES; and to implement a capital improvement with the restructuring of three new mains on Emerald Drive at the recommendation of WSO because of the favorable timing with new home construction at the site.

Now that we are establishing a formal CIP Reserve Account this year for improvements, future water system improvements will be funded from that account, and we will be asking voters each year to contribute to it.

Due to the cash flow situation, there is no Warrant to add to the Water Meter Reserve this year. The balance of that reserve account is ap. \$48,732. Eventually, we will be forced to borrow again in order to install house meters because the estimate for that project exceeds \$1 million and it is a project that cannot be phased. In other words, we cannot have residents on two different billing systems; we will have to do it all at once. The amounts we are adding to the Water Meter Reserve will not impact that eventuality. They will only serve as a backup, for instance, in order to perhaps offer a subsidy for low income property owners if the District determines to charge back individual homeowner meter installations rather than spread the cost over the District at large with another water billing increase.

Metering is still a few years off, and DES has not applied any pressure to us this year to do this in the near future. In fact, we have formally dropped our pre-app to borrow this \$1 million with the explanation that we cannot afford it now, and that seems to be acceptable.

Articles 9 & 10: Sale or Acquisition of Land by the Commissioners (RSA 41:14-a)

Article 9 would enable the Board of Commissioners to sell land owned by the District without waiting for the annual meeting, which could result in missed opportunities. (It could also theoretically buy land where something is listed at a favorable price). RSA 41:14-a provides for two public hearings as part of the process. If subject to petition by at least 50 voters, the proposed transaction is held over until the annual meeting.

The Town of Hillsborough also adopted RSA 41:14-a this year.

Adoption of RSA 41:14-a requires a district vote; and would also facilitate the proposal in Article 10 which allows the Commissioners to offer favorable terms for sale of District lots to abutting landowners. The Town likewise voted this year for a similar concept, for lots the Town owns within the Emerald lake Village District which are deemed nonbuildable, to be offered at a discount or with Right of First Refusal to adjacent lot owners

The advantages are many. Lots within the District are almost uniformly substandard as originally developed. In addition, many of them are in wetlands and cannot support a septic so that they are technically nonbuildable. The District wishes to encourage more private ownership and open space. The District owns more than some 40 plus lots itself, some of which are well buffers but many of which it cannot put to any use, and for which there is no other viable market. (See Lots List with Assessed Value in Annual Report). Therefore, this would be a benefit to adjoining landowners who wish to enlarge their lots or have a buffer zone against overdevelopment. The requirement would be that any such District lot be merged with that of an existing District lot owner, so that the parcel ceases to exist as a separate parcel, and that it not be built on. This proposal would make sale of District owned lots more feasible and potentially provide some income. As a benefit for the District as a whole, tax exempt properties owned by the District when merged with a private owner's property, produces taxable income at a higher assessment (but lower as a merged parcel for the landowner than owning two separate parcels). It turns lots not producing property tax into lots that will provide property tax income.

This article is written generally to allow the Commissioners to promote the merger of lots within the District by any reasonable means, but could obviously include offering a discounted price to an adjacent owner, right of first refusal to an adjacent owner, or some other means of achieving these goals. It also works to prevent further overdevelopment through merger of lots to be maintained as open space, in addition to resulting in more tax revenues.

Article 11: Consideration of the Question of Dissolution/Merger of the District

This issue continues to come up. ELVD started as a community of seasonal second/vacation homes. About a third are owned by absentee owners who rent them out. Another large number remain second homes for people who pay the taxes and water charges, but do not participate because they cannot vote and perceive they have no say in how these fees are spent. There is little participation in District governance, and a logical question is whether the District as a separate entity truly has a sustainable voter base.

The District carries a large burden in having its own water system. Sale of the water system to a private owner would inevitably increase fees as it would be for profit. It would be preferable to turn it over to the Town.

District property owners pay taxes toward the Town Roads already, although they do not pay the water assessment. Absorption of the cost of maintaining District Roads into the existing Town maintenance system would spread the cost over a larger population.

The District consists of approximately 530 households. This is a small number for purposes of having a separate government.

Every year is a financial struggle to keep taxes and water costs low. The Town of Hillsborough already has all the functions of local government in place.

In 2008, a vote to dissolve the District at the District annual meeting failed. There is no guarantee that the Town would agree to assume District responsibilities. There could also be some initial cost, because the road and/or water system may have to be brought up to a higher standard which would be a special tax assessment ("betterment assessment"). But, there cannot be consideration of the question by the Town unless and until the District first takes a position that it wants to consider dissolution, and is willing to explore this issue.

Preferably this should be done with a Task Force which including the Planning Board, Town Manager and ELVD Commissioners in order to study the pros and cons, the potential costs, and the required process. On behalf of the District, The Town Planning Board was requested on March 18, 2015 to establish a Study Committee to review dissolution issues as part of the annual review of its longterm goals.

Article 11 merely indicates whether residents wish to explore this option. It would be subject to study and a plan, and the District would still have to approve a specific plan, as would the Town. Failure to achieve a plan, or to approve a plan by either body would mean no merger with the Town and nothing would change.

Therefore, a “yes” vote means that you endorse the idea of dissolution/merger but that the district is not dissolved until and unless agreements are worked out and this depends on whether both the Town and the District then vote to approve a specific plan. A “no” vote means that you prefer to keep the District operating as a separate entity responsible for the purposes (as amended in 2006) for which it was created.

Those purposes for which the District is established presently are:

1. The lighting or sprinkling of the streets
2. The planting and care for shade and ornamental trees
3. The supply of water for domestic and fire purposes
4. The construction and maintenance of sidewalks and main drains or common sewers
5. The maintenance of activities for recreational promotion
6. The control of pollen, insects and pests
7. The impoundment of water
8. The layout, acceptance, construction and maintenance of roads
9. The construction, operation and maintenance of sewage and waste treatment plants

Article 12: Transaction of Other Business

This is a standard article that merely authorizes the District and BOC to handle any other business that may come up at the Annual Meeting.

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