

**Warner Budget Committee  
Meeting Minutes  
Thursday, January 28, 2016  
APPROVED**

Mike Cutting opened the meeting at 7:02 pm.

In attendance: Mike Cutting, Martha Bodnarik, John Leavitt, Alfred Hanson, Allan N. Brown – Selectman's Representative, Martha Mical, Kimberley Edelman, Peter Newman – Commissioner Warner Village Water District

Others present: Jeanne Hand, Ed Mical, Barbara Annis, Judy Newman-Rogers

**1. Approve Meeting Minutes**

Meeting minutes of January 14, 2016 - postponed to next week.

**2. Warrant Articles**

**Article III** to raise and appropriate the sum of \$362,400 for the solar array panels, needs to be a 2/3s majority.

Selectman Brown: This has changed due to the Department of Revenue Administration advising not to tie ourselves down too tight with the Rural Development grant.

Michael: If that doesn't follow through you can now go finance it some other way. Otherwise if it fell through you have to wait for a year to do anything and might lose the incentives.

Discussion: Where at the Transfer Station the solar array is going to be located, further explanation of why the warrant article is being written the way it is, that it should state the specific amounts being raised through grants, etc. and that it won't pass written the vague way it is.

Selectman Brown: DRA wanted it written this way to which Martha Mical added if we don't get the Rural Development grant it screws up the whole warrant article.

Jeanne Hand asked about the funds being in a capital reserve fund and was told they are not because all of the funds will be expended and the project completed this year.

Michael: It's a bond issue which means you have to have a 2/3s vote.

Martha B: It needs to be worded better because the way it's written we could be taxed for the entire amount.

Discussion: If the wording "no money raised through taxation" could be added, other verbiage that could be used to make it clearer, and if it was going to be raised by taxation we would not need a 2/3s vote. The board also discussed that the interest payment needs to be raised by taxation, that the deadline for finalized warrant articles is February 4<sup>th</sup> and that the Select Board would be meeting to finalize warrant articles next Tuesday at which time this could be addressed.

Martha B suggested the possibility of a contingency fund and if it could be used for up to \$20,000 this year and then you don't have to raise anything out of taxation for the first one, if you needed money for it you could do it as contingency.

Martha M: I think the State has a limit on how much a contingency can be.

Jeanne Hand asked where the figure of \$362,400 came from and was told it was from the company who is going to do the job. Selectman Brown said they applied for the Public Utility grant of \$75,000.

Alfred: We've have been discussing this a year and half so why haven't we been able to come up with how to write the warrant article? The whole thing has been vague.

Selectman Brown: The Town Administrator called the DRA to see if this was the right way to word it and this is how they wanted it written. We will tie our hands and lose it if we include the Rural Development loan and don't get it.

Ed Mical: The way this is written, if you get any reimbursement you can't use it to offset unless you hold a special public hearing because it's not in the article. You're trying to go through and show the voters, maybe you could take the one you had before and change it to comply with what DRA wants.

Martha M: DRA will come back with other suggestions now that they've been submitted for preapproval so they may come back and ask that it be changed again.

John: All the calculations that Clyde has done have been based on certain numbers. If the town has to raise and appropriate \$362,000 and gets no bond the solar array is not a viable project and will cost more than it will save. It's based on getting the bonds, loan and grant. Absent those it doesn't fly so why can't you put that in there.

Selectman Brown: The public utilities grant is guaranteed.

John: You need them all in order to get the savings. I agree with Martha, the way it's written it will not pass.

Barbara Annis: We have in the past with a fire truck or something, worded it that if we do not get the grant the money will not be spent. Why can't something as simple as that be included? Judy made the point that if the grant from Rural Development isn't granted they want to be able to get the funding some other way.

Selectman Brown: This is worded exactly as the precincts is worded and they worked on theirs a long time.

Jeanne: I don't care what the DRA says, this isn't right and it doesn't say what the interest rate is.

Michael: We've never included interest rates as part of a warrant article because it can fluxuate between the time of writing and the time we decide to take the loan or bond.

Jeanne: The whole pitch is that we will pay less for electricity so after the smoke has cleared and we get all the grants and all and pay the \$10,000 for the first year, what about the second year?

Kimberley Edlmann: Clyde is going to be presenting quite a bit of information on this at town meeting and there is a public hearing next Wednesday night.

**Article IV** Shall the town authorize the Board of Selectmen to enter into a lease/purchase agreement for the grader, cost of \$42,750 which was reduced from last week's total. It's a seven year lease and we'll pay \$42,750 for the seven years and upon the ending of that will own it.

Selectman Brown: The Town Administrator had left out that after the life of the lease the town will own the grader for \$1.00 so that is being added.

Kimberley: Would like to recommend for the purpose of the minutes when we talk about an article that we include what it's about to which Michael agreed.

**Article V** Shall the town raise and appropriate the sum of \$3,026,049.00 for the 2016 Operating Budget. Martha M. noted that number had changed.

Selectman Brown: That's because of the bond payment on the pumper changing.

Alfred: I think that John made a good suggestion which was when the warrant articles get changed the changes should be highlighted which would save us a lot of time.

**Article VI** Shall the town raise and appropriate the sum of \$735,000 for the construction of the roundabout on Rte. 103 at Exit 9 of which \$490,245 which represents 2/3s of the construction cost, \$114,000 which represents 2/3 of the design cost will be reimbursed by the NH Department of Transportation, \$45,000 to come from Exit 9 Improvement Capital Reserve Fund and \$87,755 to come from the General Fund.

Selectman Brown: This is exactly how DRA wanted it worded and we spent two days on it to make sure it was right. We had to be careful about how it's worded because we don't want to raise \$735,000 because then we have to pay taxes on it. It has to be approved before we can get bids on it.

Alfred: If this gets approved and goes out to bid and comes in at say \$802,000 what will the state say?

Selectman Brown: They have up to 1 million. We've got what we've got so we would have to cut back on it or not do it.

Martha M: We could cut back by not planting trees.

Selectman Brown: The landscaping budget is only \$30,000 so that's not a lot of wiggle room and it's been looked at pretty hard by state engineers so I think it's going to come in under budget.

**Article VII** Shall the town raise and appropriate the sum of \$25,000 to be added to the previously established Property Re-eval Capital Reserve Fund.

Selectman Brown: We more or less went along with the CIP recommendation on this.

Discussion: The Selectmen were going to ask Martha what she felt it should be, that she had been out of town until the past few days, was Martha satisfied with it being at \$25,000.

Martha M: As high as these budgets are I think every cent we can take off is worth it.

Selectman Brown: If we reduced this to \$20,000 we were going to put the other \$5,000 in record preservation and were happy with the total cost of the capital budget. If anyone had gotten ahold of you we would have done that. I personally think it should stay where it is.

**Article VIII** Shall the town raise and appropriate the sum of \$15,000 to be added to the previously established Police Department Capital Reserve Fund.

Alfred asked for and received confirmation this was to buy two new vehicles; a new cruiser and replacement of the 4 wheel drive. Discussion: There are three vehicles and the plan is to reduce them in size to the Dodge 6 cylinders instead of 8 cylinders.

**Article IX** Shall the town vote to raise and appropriate the sum of \$100,000 to be added to the previously established Capital Reserve Fund for the purpose of a new fire station site, and design and construction of the new fire station on that site.

Alfred asked about the Map and Lot number. Selectman Brown replied that he gotten approval from the Selectmen this past Tuesday night to move forward on a list of things but had not gotten approval to include the Map/Lot number in the warrant article. He said he is hoping next Tuesday night to get that approval.

Martha M: Otherwise you're going to do the same thing as last year.

Martha B: If you think it's going to get in the way of your negotiation you can always wait until the town meeting and as you present, immediately amend it to include the map/lot number.

Selectman Brown: I did that last year, I didn't have the map/lot number in the article and was criticized for that. Anybody who came to that meeting knew exactly where it was, it was discussed and explained, which is why this year I want the map/lot number in the article so there is no confusion and nobody can say they weren't warned.

Martha M: You obviously have one site in mind, does all of the fire department agree with that site? Have you approached members other than the officers which Selectman Brown said he had.

Discussion: The map/lot is not being made known because it has not yet been negotiated.

**Article X** Shall the town vote to raise and appropriate the sum of \$90,000 to be added to the previously established Fire and Rescue Vehicle Capital Reserve. No discussion.

**Article XI** Shall the town vote to raise and appropriate the sum of \$25,000 to be added to the previously established Fire Equipment Capital Reserve.

Jeanne asked how much was currently in the fund and was told it has very little because the Fire Department just purchased five air packs.

**Article XII** Shall the town vote to raise and appropriate the sum of \$10,000 to be added to the previously established Highway Road Construction Capital Reserve Fund.

Selectman Brown: We zeroed this one out before to have the money for the fire station and as was brought up here last week if we don't put a dollar figure in there we can't do anything. In case the fire station site is voted down we want to be able to put money into this.

Martha M asked about the plans that were discussed for construction on Pleasant Pond and Clement Hill Road.

Selectman Brown replied those are still valid because we have a \$136,000 balance in there now. That is to offset some of the expense and there is money in the operating budget for gravel, fuel and labor.

John: Using the same logic that we used for the assessor's office, the CIP calls for \$175,000/year for the next 6 years. It was cut down \$75,000 and now its \$10,000. That doesn't work to which Selectman Brown agreed and said the bottom line is this Capital Budget doesn't work if you add another \$100,000.

John: We've been told several times that we shouldn't work from the bottom line of the operating budget. If the town has a need that need should be addressed. If you're comfortable the needs can be addressed with \$10,000 that's a different story.

Selectman Brown: I don't think that we can have another \$100,000 attached to the bottom line on this budget and I don't think people are going to stop being able to travel in town if we take another year or two to rebuild a piece of road. If you go with your logic the CIP would have requested half a million to a million.

John: It's \$175,000 to \$100,000, I was comfortable with that but then it went from \$100,000 to \$10,000.

Selectman Brown: It's a reversal from one line to another. We were talking about if the fire station site doesn't pass then we could get on the floor to amend this but there's no article here to put it in the capital reserve fund.

Michael: The Budget Committees job is to develop or prepare a fiscally responsible operating budget and I think Allan's position is that by adding another \$100,000 it might not be fiscally responsible to meet the needs of the town.

Selectman Brown: I don't disagree with John. I would love to fund those types of things.

Michael: The largest road they were talking about fixing was Pumpkin Hill and if you drive that in the spring it's difficult. In 5-6 years what will that road look like?

Martha M: After frost season it does level back out.

Selectman Brown: its way behind service schedule but what should happen is to shim it and then it will ride smooth 9-10 months of the year. Even if you shim the frost heaves will come back as they are in the subsoil.

Kimberley: We do vote on these as to whether or not we approve them and when we vote we can say and publish in the town report the Budget Committee voting result. And we can go to town meeting and speak about what we're against and why.

Selectman Brown made the point that maintaining the roads will never end and in the future maybe we can put in a double payment.

Barbara: As a member of the TAC Committee representing the town of Warner, they keep on repeating that you have to spend the money to maintain roads and if you're not maintaining a road you'll have to completely refurbish it like we did with Waldron Hill. How are you going to get the answer to that?

For eight years at least we've been looking for an economic development committee which is a Selectman's thing. Two years ago we gave the Selectmen's office a list of people that they requested for that committee and nothing has happened.

Selectman Brown: The last discussion the board had on that was last October and Clyde was going to start working on it in January.

Barbara: No, Clyde is doing website upgrade. We had two meetings last October and November and that's it. The Selectmen's office asked me, Aedan Sherman, Dan Watts and Darryl Parker to be on it and we looked at other websites. It was agreed that we would revamp the website and it hasn't been done. We want to get help for the town to get businesses in to get a better tax base to help residents.

Michael: That's nothing that is going to be solved tonight and needs to be between the Selectmen's office and the members of that committee.

Michael directed the conversation back to the article currently being discussed.

**Article XIII** Shall the town vote to raise and appropriate the sum of \$110,000 to be added to the previously established Highway Equipment Capital Reserve Fund. No discussion.

**Article XIV** Shall the town raise and appropriate \$25,000 to be added to the previously established Bridge Repair and Replacement capital reserve fund.

Martha M. asked if that fund had been emptied with Bartlett Loop repair and was told there is a little bit in there.

Ed Mical: Has Bartlett Loop been set up and done so we will get money from the state for that? Selectman Brown replied all the paperwork has been sent in and said there is an outstanding change order that is probably holding things up. There were overruns in 3-4 items, the contractor is fighting with us and we're fighting with the state to get reimbursed.

Michael asked if it was because the contractor failed to notify on the change. Selectman Brown said the state made and approved the change but because the contractor didn't do the paperwork in a timely manner the state wasn't aware of the change. It hasn't been closed out yet.

**Article XV** Shall the town raise and appropriate the sum of \$25,000 to be added to the previously established Odd Fellows Building Bridge capital reserve fund for the purpose of hazard mitigation.

Martha M. asked if we had gotten a bid or quote on it and was told we had.

Selectman Brown stated it is \$23,000 to remove the soil and there was another \$6,000-\$8,000 for backfilling and said the town is going to do that part ourselves. He continued we have to do it this year or we have to do the testing all over as it's only good for a year or less which costs about \$9,900 and that's already been paid for. There is only about \$100 left in that fund.

**Article XVI** Shall the town raise and appropriate the sum of \$40,000 to be added to the previously established Town Hall Building Improvement capital reserve fund.

Michael: This is for the replacement of the lift and we have not gotten an update or current bid on that and are working off a two year old estimate.

Jeanne asked why we wouldn't get another estimate and was told they have asked for one. It was clarified that the town doesn't have to get three estimates by law. Discussion continued as to the cost of the lift.

**Article XVII** Shall the town vote to establish a capital reserve fund for the preservation of town records under the provision of RSA 35:1 and to raise and appropriate the sum of \$10,000 to be placed in this fund and furthermore to name the Board of Selectmen as agents to expend from said fund. There was no discussion.

**Article XVIII** Shall the town vote to reestablish a contingency fund in accordance with RSA 31:98-a for the current year to be used by the Board of Selectmen for unanticipated expense that may arise and further to raise and appropriate the amount of \$10,000 to be placed into this fund. This sum is to come from the general fund; any appropriations left in the fund at the end of the year will lapse to the general fund.

Selectman Brown stated he wished this could be changed so its non lapsing so we didn't have to do this every year.

Kimberley: That's the way the RSA is written and I think the reason that it's a lapsing fund is so that the town can't build a piggy bank.

**Article XIX** Shall the town vote to raise and appropriate the sum of \$30,000 to be added to the previously established Transfer Station Equipment capital reserve fund. No discussion.

**Article XX** Shall the town raise and appropriate the sum of \$5,000 to be placed in the previously established Library Building capital reserve fund for the Pillsbury Free Library. Michael noted that was the amount the Library was agreeable to.

**Article XXI** Shall the town vote to raise and appropriate the sum of \$5,000 to be placed in the previously established Conservation Commission Land Use Change Tax fund. This fund is used to pay for expenses related to conserving properties in town including acquisition of conservation easements on land.

Kimberley asked if the name is required by law to and was told it's what they originally named it.

Martha M: It's not a capital reserve fund and is totally controlled by the Conservation Commission. Michael noted there is no provision to designate the Selectmen as agents to expend; the agents are the Conservation Commission.

Barbara: I was wondering why the Selectmen agreed to continue this where they've got over \$100,000 in this fund right now with no anticipation of purchasing any easements.

Kimberley: The question came up in meetings and we were talking about putting \$0 in there but they wanted to put something which could have been as little as a dollar I think.

Selectman Brown: My thought was that \$100,000+ in the bank is enough but the board voted to put \$5,000 in so they could get up at town meeting and address it. Martha B. made the point it can be voted up or down in town meeting.

Kimberley asked why it wasn't \$1.00 and that way it would be presented at town meeting. She said she didn't think the number had a basis unless the Selectmen were aware of something.

Michael: The danger is that if you put any amount in then somebody can stand up at town meeting and vote to raise this a substantial amount or drop it. 10-15 years ago we ended up negotiating behind the curtains with the Conservation Commission at the last minute agreeing not to raise it. There were some people in the audience that wanted to raise it substantially and we were concerned that might come back up on the floor. If you put \$0 in there nothing can happen.

Martha M stated if you put \$0 in it they can do a petition article.

John: I agree with Michael, why open it up for negotiations. Kimberley stated that last year they didn't even get a warrant article. Selectmen Brown said they haven't had a warrant article for funds since 2010 and the amount they have is a lot, although something might come up tomorrow.

Martha B: Judging from past town meetings and the people who attend, the majority of them are in favor of conservation.

Selectman Brown: The CIP recommends \$25,000 every year indefinitely.

John: Knowing how much land is in conservation and not knowing what their plan is are factors in our decision whether to vote this up or down as a committee. He also noted the Conservation Commission wants to spend money in neighboring towns.

Michael: With the completion of Article XXI that is the end of the warrant articles we have to vote on. The rest of the warrant articles, the town will vote on but we are not responsible for recommending or not recommending. They are strictly warrant articles with no monies attached.

John suggested before next week's Budget Public Hearing it be clarified as to what Warrant Articles will be addressed. Martha M. said we usually do read the other warrant articles and allow for a slight discussion. Kimberley suggested addressing the Operating Budget first.

### **3. Operating Budget**

Michael: We now have an operating budget of \$3,260,049.00 which is a 2% increase. The books were closed according to an email from the Town Administrator today with an unspent amount of \$104,983. What do you want to do with this tonight, go down through it?

Martha M: On the finance office, if you look at the budget sheet we got dated 1/6 it had that office fully spent for the salary line and now it's not. Does anybody know why? It was clarified this is Line 30.

Discussion: It might be an insurance adjustment and/or disability kicking in, how much the disability return is and uncertainty if it is a factor at this time.

Michael: My understanding is the finance office employee is still doing work for the town which Selectman Brown confirmed. Martha M. said her thought, with this showing it went down \$2,000, is that's at least one pay run and maybe two in December. I assume we're paying her full salary and when the disability is received it is returned to the town.

Selectman Brown: I'm not answering anything on that as it's a personnel issue.

Martha M.: This was done with the Police Department this year because one of the employees is not going to be back from disability. Why are we not taking it out for another department and I think we should treat all our departments the same.

Michael asked Selectman Brown to bring it up to the Town Administrator for the Public Hearing next week. Martha M. said she would recommend to lower the amount of \$6,000 which would be three months out of a possibly six.

Alfred: I'm looking for is an explanation on the fulltime Highway labor which was clarified to be Line 214. It's my understanding for the first time in a while we're at full operation. Some of the jobs that were vacant were still budgeted for. One of the new hires is a \$57,000 hire and if you're at full capacity so why is our fulltime labor reduced?

Selectman Brown: Some of that money came out of the job that Ed Mical had as the maintenance person. We wrapped his job into a highway workers job so that money we were paying Ed is being used to pay the highway department.

Martha M: That should show up in the requested budget and it's not, it's showing it reduced by that amount.

Alfred: It's hard to follow the numbers because if you go back, with adding to the full time labor, part time labor and the department head. It's a very confusing number so somewhere along the line there's money being taken from somewhere else to fund those three lines.

Martha M: If you add up what was budgeted in 2015, roughly it comes to \$300,000. If you add up what's being budgeted in 2016 it comes to \$311,000.

Discussion: There is still the same amount of personnel as Tim Allan replaced Matt, one person was shuffled to take up Eds duties and Ed's salary was picked up as well.

Kimberley: They spent \$264,000 on salaries and are asking for \$311,000 which is a big increase. There is a \$50,000 difference from 2015 to 2016.

The discussion continued on what was spent and what was asked for and that the department was down by one man most of last summer which was budgeted for and not spent.

Martha M. noted that in 2016 there is \$32,000 in overtime. Selectman Brown stated the overtime was written out so it could be seen. Martha continued, they're requesting a lot more than they requested in 2015 because people were hired at higher rates.

Selectman Brown: We wanted to use more part time as they were talking about hiring another fulltime person this year. Tim backed out and said he wanted more part time so as not to pay benefits and to have more labor power.

Michael: To put it in perspective, in 2015 for labor they budgeted \$300,587. In 2015 they spent \$264,861. In 2016 they're requesting \$345,900. It's a substantial increase. It was noted again that they now have full staff and have changed the pay scale on three people. Michael said he understands they have made adjustments in the pay scales and things like that but the bottom line is that we're making a big jump in the budgeted amount, roughly \$45,400.

John: That's after this year's budget that shows a surplus of \$55,868 for the highway department. There is the surplus and then an increase. They encumbered \$28,500 out of surplus to buy a generator which has to be counted. The only reason they took it was because they had a surplus.

Selectman Brown: That's the same rationale we used with the police station for siding and insulation.

John disagreed and said it's not the same because this is a capital expense which several members said was not true. Discussion continued on what constitutes a capital expense, that the Selectmen chose to buy the generator which they have authority to do and that it was done the same way it has been done in the past.

Selectman Brown: It's the same procedure we've used year after year to which John replied: You can't do it unless you have a legal obligation to pay that debt. You can't encumber the funds for the next year and you didn't have that.

Michael: You're saying that they didn't have that because they had not voted on it prior to December 31<sup>st</sup>. Martha M. said they did vote on it prior to then but what they didn't have was an invoice, they had a quote and they awarded the bid in January. Michael said that does not meet the requirements of the law.

Michael: Buying that generator not out of the capital equipment was a way of circumventing buying equipment out of the capital reserve fund which requires a public hearing.

Selectman Brown: You're assuming we circumvented that and in my opinion we didn't because we could have held a public hearing and we still could have bought the generator.

John: How are the capital reserve fund monies replenished and how do the expenditures from the town and the highway department to do Waldron Hill show up on this.

Martha M: It doesn't, it shows up in the town report and there will be a special section that says this is what we spent on Waldron Hill.

John: That doesn't tell me how much of the labor in the spreadsheet was charged to Waldron Hill and it was clarified that will also be in the town report.

Discussion: Some of the expenses for Waldron Hill are in the 2015 operating budget such as labor and materials, project details have to be included in the town report, speculation if numbers had been juggled to buy the generator out of the operating budget.

John: It's gotten to the point where I don't trust these numbers.

Martha B: They broke out \$32,000 in overtime pay and if you did not have snowstorms and flooding, we wouldn't spend the overtime and there would be a surplus. Every year when we budget, especially for the highway, you have to plan in a semi-worst case scenario of weather related expenses. That doesn't mean they didn't need equipment, in this case a generator, that was put on the back burner and suddenly there's money to do it.

Alfred: If we're here to review a budget and there is a surplus at the end of the year and it gets spent why are we here? The concern I have is, I want to budget enough money for what needs to be done, not money for other things.

Selectman Brown: I thought they were pretty frugal, we turned back \$105,000 total budget and who cares where it came from? We could have spent it but we didn't.

Alfred: How much money will be applied to the tax rate this year?

Selectman Brown: We won't apply anything until October and clarified none was applied for 2015 because surplus was down 7.75% and the town wanted to keep 10%. If we kept the \$105,000 it's still not going to put us at the 10% level the town wants to keep for surplus.

There was discussion that the Select board had voted several years ago to keep surplus at 10% and that most years that is not achieved. It was clarified that is 10% of the total budget including the school.

John: Every time I've talked about the large surplus the conversation always turns to that the money goes back to the tax payer anyways. It doesn't because you have the option of not doing it; the only way it can go back to the taxpayer is if you apply it to this year's budget. If you have surplus at the end of the year it encourages spending. My idea of surplus is \$75,000 and \$10,000 contingency.

Michael: We came in this year at \$104,000 so we're only \$19,000 from that. John disagreed because you have a \$28,500 generator. Michael asked why John isn't arguing for discussion purposes that same rationale for putting the siding on the police station.

John: Costs like that usually come out of the operating budget and I have a little bit of a problem with it. But the generator was a capital expenditure, like buying a new truck. What would we be thinking if they had done that?

Selectman Brown: If I felt we needed to buy a new truck with that surplus, I would have voted to do it. The Board of Selectmen have to use their best judgement in determining what is needed to run the town. My honest opinion was that we needed a generator.

John: I've talked to eight different people in the last two weeks within the town government and have yet to be convinced that the generator was a need. It is something that will do the town some good. We bought a new generator for the fire department a few years ago and the biggest concern was that is the primary command center. The secondary is the highway department and the generator they have there now is sufficient to get by as a standby.

That money would have helped out with the sprinkler system in the highway garage. That's gone away and we have a generator. Its money that could have been spent better somewhere else.

Martha B: Instead of looking at particular spending here and there, look at the fact they're keeping a 10% surplus. Take 1% from that and put it towards paying off the operating budget instead of raising it by taxation. It's like an across the board cut. We've taken money out in the past 2-3 years running and said it should be applied here instead of leaving it in the piggy bank. Maybe that's what we should look at.

Discussion: The budget committee is there to recommend an operating budget, that 10% is in the middle of the range recommended by the DRA, and that 10% is the cash flow that covers monthly bills.

Michael: If we don't have it then we won't be paying our bills to which Martha M. added you could also have to do tax anticipated notes which we don't want to do. Michael noted we also have to pay the county bill which has substantial penalties if it's not paid.

Ed: In talking about the generator, there is a safety factor for protection of residents. Michael talked about buying a sprinkler system but if the power goes out and we can't run the pump to feed the sprinkler system it isn't going to make any difference. The generator is an important part of a new sprinkler system besides using that building in the event of an emergency like the power going out for 3-4 days which it has in the past.

It was noted there is limited power at the DPW building with the old generator and they can't do things like welding.

John: Our job is to judge the cost versus the benefit and weigh it against the priorities which I don't think we're doing.

Alfred: I suggest everybody go back to 2010 and look at the surpluses through the past 5-6 years. In 2013 we had a surplus of \$150,000 and the year before it was quite a lot. Things changed in that office which is my concern and clarified he meant the Selectmen's Office. How much money did we encumber in the years before then to which Martha M. said it was a lot. Alfred continued, if you take the overall picture as far as encumbering and surplus it all comes down to the budget. I understand the buffer we need and I want to budget what we need but I don't want it fat.

Selectman Brown: Those years you're talking about, we had an issue with a department head turning in huge amounts of money that created that surplus by not doing their job.

Alfred: I understand which is not what I'm getting at. Let's budget what we need to.

Martha M: I think that is what these budgets do represent, what the department heads feel they need to run their department. Do I agree with them all, no but that's my opinion and they know more about their department than I do.

Selectman Brown: As a Selectman, a department head comes to me and tells me what they need to run their department. I don't want to be put in a position where I'm second guessing the department heads that are being paid good money to make these budgets unless I see something that's screwed up.

John: Warner has exceptional department heads that do a good job. There's enough questions about how the money was spent this year to make me skeptical of the bottom line of this budget, not through anything illegal. I'm proposing a flat budget for next year, same as 2015.

It was noted that it's a \$59,214 reduction in budget or 2%. John suggested tacking 2.2% onto last year's expenditures and said with the latest numbers he got from the Town Administrator, that might not be unreasonable.

Michael: My problem with that is you're taking the 2% of wages but not applying other costs such as FICA, SS, etc. which is the equivalent of telling the highway department we'll fund a truck but you can't have gas to run it. Alfred objected to that statement and said he thinks you'll find out the FICA, SS, etc. is in the labor line.

This was discussed, that Lines 80-86 had some of those numbers, that some of the lines had been moved so it was easier to read and that some of those expenses are broken out for the major departments.

John noted that the 2% increases on some of these are going to be relatively small and his suggestion to fund this is to use the money saved on the insurance mentioned by the Town Administrator.

Michael: We have a breakdown of the scenarios, analysis and anticipated savings but when you go to the operating budget and look through the individual costs of health insurance and things like that the anticipated savings of \$7,400 is not there; I don't know where it is. From my perception it boils down to smoke and mirrors.

John: My reasoning for holding a flat budget still stands, I think it's valid but it becomes too close for comfort so I'm willing to add in the cost of the salaries. John confirmed he is suggesting 2% above the 2015 budget of \$2,960,834 which Michael stated ends up at \$3,200,834 so between the budgets is only a \$24,000 difference.

Michael: If we get this too close, they have to be able to operate and should an issue occur they have to be able to do that. We don't want it so tight they can't do what's necessary.

Alfred: A few years back we were as conservative as we could be and they made it. Kimberley replied that the fire department didn't do a lot of things that they needed to do and had to wait until the next year. If you give them a budget they live up to it and don't over spend which is great but they have to make decisions and make cuts.

John: I don't look at a tight budget as the possibility of having to cut services, it forces people to prioritize and put things off that can be put off. It's not necessarily always going to be cutting services

Martha B: What we have in front of us is the result of several months of Department Heads, Selectmen, the Town Administrator and the Budget Committee all looking at what is a reasonable and affordable budget to operate on. I don't think we have any departments or Selectmen that are going overboard. People have worked hard over this budget and to make a change at this point would be thumbing our nose over everyone's planning and working.

Michael: If you use John's analysis and your comments what's happened is there was money left over and it got spent. There was more discussion that the money was spent on necessary things.

John stated he was using the Administrations numbers to arrive at his bottom line and if you follow the logic down it's not an arbitrary figure. Martha again stated we all feel we've done our best and after looking at it for weeks have agreed with it.

Alfred said he doesn't agree with the budget and not to include him. Michael noted we've listened to the budget for the past couple of months but this is the first meeting where it's really been discussed. We wanted to wait until the end until we had the final figures.

Martha B: One to two meetings ago we all said we pretty much agree with this now but we're not going to vote until the last minutes.

Alfred: The agreement on this would be the vote on the article for the operating budget which we haven't done.

Barbara: I question that the 2015 budget was left open until January 27<sup>th</sup> of this year. Some bills came in but how much of it has been comingled. Selectman Brown noted he had the figures for paying off the end of last year's bills which were for December. The total is \$22,251.

Discussion: Last year the books weren't closed until January 28<sup>th</sup>, some of the vendors we deal with are late in sending invoices, each year the books get closed later and they used to be done on the 31<sup>st</sup>, and that it's difficult to know the amounts of outstanding bills.

Ed Mical had a question and a request. In looking at what was spent from the budget in 2015 on Line 126 for the American Legion, why wasn't the rest of that paid for? It shows \$1200 budgeted and \$600 spent. It was discussed that it is a contribution and is something that is automatically paid.

#### **4. Next Meeting Schedule**

Michael noted next Thursday, February 4<sup>th</sup> is the Public Hearing after which the Budget Committee will vote on the budget. He asked how the committee wanted to proceed.

Martha M said she had posted a meeting for February 8<sup>th</sup> in case they don't want to vote on the 4<sup>th</sup>.

Selectman Brown: I had a question from someone on fuel price. We're in a lock price contract, gas was fixed February 1<sup>st</sup>, diesel was fixed on January 8<sup>th</sup>. They have over a million gallons they have to use before the contract can be changed. They said they are 100,000 of gallons shy of that because there hasn't been any snow. We're in a fixed price contract until October 31<sup>st</sup> of this year.

#### **5. Public Comment**

Ed: When you have the Public Hearing next week on the warrant articles, will you have what is currently in the capital reserve fund and what was expended from that? If the Selectmen are requesting money from that from you should be able to pass that on. Selectman Brown said it might not be right to the dollar. Ed made the point that because things

were done after the end of the year, you're not going to have accurate figures in the town report and accurate figures might be helpful in looking at the articles.

**9. Adjournment**

A motion was made and seconded to adjourn at 9:21 p.m.

Respectfully submitted,  
Lois Lord  
Recording secretary