

**Warner Budget Committee  
2016 Budget Public Hearing  
Meeting Minutes  
Thursday, February 4, 2016  
APPROVED**

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

Others present: Town Representative Jim Bingham, Ray Martin Water District Administrator, Peter Newman Water District Commissioner, Dan Lavoie Water District Commissioner, Barbara Annis, Jonathan Lord, Andrew Howard, John Dabuliewicz, Nancy Ladd

Mike Cutting opened the meeting at 7:00 pm and asked the public to clearly announce their name when they speak and have one conversation going at a time.

**1. Minutes**

- A.** Selectman Brown made a motion to approve the meeting minutes of January 7, 2015 seconded by Martha Mical. A voice vote was taken with all in favor.
- B.** Alfred Hanson made a motion to approve the meeting minutes of January 14, 2015 seconded by Selectman Brown. A voice vote was taken with all in favor.
- C.** Martha M. made a motion to approve the meeting minutes of January 21, 2015 seconded by Selectman Brown.  
Martha M. had a question on Item. 2 the first line. She was not present, the minutes show the total budget at \$3,440,793 and she has never seen that number. Mike clarified the budget is \$3,024,793 and that Item 2 should be corrected to show that. Martha noted a couple of spelling errors that she will get to the transcriptionist.  
A voice vote was taken on Martha M's motion to approve the minutes of January 21, 2015. All were in favor.
- D.** Mike noted they had received the meeting minutes of January 28, 2015 today so would hold off on approving those until next Mondays meeting.

**2. Public Hearing on the 2016 Budget**

Mike opened the Public Hearing at 7:05 and turned it over to Ray Martin to address the Water Districts 2016 budget.

- A.** Ray thanked the Budget Committee for reviewing this budget as the Water District is a separate political unit within the town.

Ray: Last year was unusual in that we had a lot of freeze ups because of the cold weather. We spent \$15,000-\$20,000 taking care of those. We also had three pumps that broke down and now have all three back in shape. That necessitated last year at our District meeting in the middle of March, after the Budget Committee reviewed the budget and it was published in the Town Report, the addition of \$35,000 to the budget from reserves which pushed the budget up to \$449,963 and if you take out the \$35,000 that left an operating initially approved at \$414,000.

This year we're down to \$412,000. The major component of that is that we've had employee turnover and hired a supervisor and two employees which cost \$25,000-\$30,000. We also contracted with an organizer out of Henniker, Water Plus, who provided us with licenses at a lesser fee than we were paying to the licensed supervisor for the first three months of 2015.

Our report contains a summary page; major change on page 1 for the sewer system of \$35,000 is a combination of salaries, pumps and freeze ups. The other change is that we are from a capital standpoint proposing a Solar Array at the Sewage Treatment Plant to provide electricity for the plant. The cost of that to finance over 20 years is going to come out of our electrical budget. For example last year we spent over \$27,000 in electricity, the solar array panel installation and connection when we are done with some possible grants, the financing part could be as low as \$14,000. There will be a considerable saving which will be applied to other parts of the budget and to keep our rates down and tax requests down.

Another item we are showing is a new pickup truck. Our plow truck is a 1998 which we've been putting money into and have decided to buy a new one replace that, a 250 one ton with a plow and a box panel in the back for tools. The money to support that comes from a loan we had for Mill Street that matures in April that we have been spending \$1000/month for. That leaves us with \$8,000 which is more than enough to finance the truck plus we got some good news from Rural Development. The clarifier project that's been going on for the last 2-3 years at

\$1,000,000+ had a little bit of money left over in the grant. They have okayed us using that to offset some of the cost of the pickup truck so will end up putting about \$10,000 against the truck from that and install a sludge blanket and some alarm systems. The alarm system will then cover the entire water and sewer district so if anything goes wrong the alarm goes back to our employees.

The report includes history and a breakout of employee raises and other employee benefits. Another item is that we ran a lab at the plant to test our effluent and have turned that over to Eastern Analytical which helps us satisfy state DES requirements better than if we did it. It has freed up our two fulltime employees 4-5 hours a day.

Part of the grinder for the sewer intake had to be replaced which increase equipment maintenance and replacement from \$8,000 to \$14,000. That part cost about \$9,000 and is in place.

Some of the electricity goes down with the solar hopefully being in place by the end of the year. We anticipate starting construction for that sometime in June and it is an 8 week project.

The other major issue on Line 15 is we had added a lot of money to that area with the sludge pumps that broke down last year, the old clarifier repair, and upgrading our electrical systems.

Ray noted again on Page 5, the Mill Street project ends and we've got \$4,000 plus a little bit of interest and will be finished paying that in April. Our overall debt budget is going down from \$74,500 to \$71,600 because of the financing of the truck and Mill Street financing offsetting each other. We anticipate 10-12 years of use on the new truck and noted the financing for it is not that long.

Revenue from various sources; on the Solar Array and the truck about \$154,000 of grants, water supply billing, sewer billing of \$205,000 and some miscellaneous items adds up to \$467,000. The anticipated bonding will be \$216,000 for the solar array and around \$40,000 or less for the truck depending on what we get from Rural Development. We charge sewer/water rates depending on how much you use and there is a tax rate for residents of the precinct that raises about ¼ of our budget. This year is will go up maybe \$800 so the tax rate per thousand would go from 1.74 to 1.75.

Ray asked for questions from the public.

Martha B.: On the cost for the new truck of \$40,000 Capital Outlay is that the full amount? Ray: That is the full amount we have to put in so we can expend it then it will be reduced by approximately \$10,000. We have to get authority from our voters to spend that amount and will finance about \$30,000.

Martha B: In your warrant article you talk about where you're going to appropriate the \$40,000 but then you asked to issue bonds of up to \$42,000. Ray: It isn't 100% guaranteed that we will get this money. He clarified the \$42,000 is a typo and should read \$40,172.

Barbara Annis: You're going after a grant and are asking the Precinct residents to authorize for you to borrow the full amount. Ray clarified that is in case we don't get the grants. We feel very strongly we can afford to pay for it. We're asking that the Commissions have authority to bond up to \$360,000 and when the grants come in it will reduce that down.

Barbara: As a member of the Precinct I would rather have that added on if the grants are not forthcoming. I'm not going to vote yes on this.

Ray: If we don't get the grants it's still well within our electrical budget. We just got in on the old net metering of 50 million kilowatt hours so we qualify for that. The Legislature is currently negotiating with the utility companies to up the total limit, maybe to 75 million. Nobody knows exactly what's going to happen and utilities may ask for an increased distribution charge even if you're not using any of the electricity. We feel strongly that we have 6-9 months to finish the project and stay within the net metering regime. We don't want to stop the project until next year if we don't get either one of the grants.

If you take the electrical costs from 2015 which is \$27,000 and if that can be reduced by \$3,000-\$4,000 even if we finance the entire \$360,000 at a cost of \$22,000-\$23,000 yearly leaves us with \$4,000 for any maintenance on the solar and under our contract that is all taken care of for 25 years so we won't have significant maintenance costs.

Our annual meeting is March 15<sup>th</sup> and you can come and offer an amendment at that time but these are the reasons to keep it moving.

John Leavitt: People who attended the Solar Array Public hearing had concerns about whether the town project was going to be cash positive without getting the grants. The Water District is a different situation because you're cash positive whether you get the grants or not. Ray confirmed this and said the difference between the town array and the Water District is that district is under a different program with Rural Development loans and get between a

2.75%-2.89% for 20 years and the town estimates a 3.4% interest rate. We also qualify as a low to moderate income area which qualifies us for Community Development Block grants.

Selectman Carson stated that in response to Johns comment; even if the town project doesn't get the grant we will be cash positive.

**B. Mike closed the public hearing on the Water Village District Budget at 7:32 p.m. and opened the meeting to a Budget Committee Vote.**

Kimberley Edelman made a motion to accept the Water Village District revenue of \$812,355 seconded by Martha Mical. A voice vote was taken with all in favor.

Warrant Article I to see if the Village District will vote to raise and appropriate \$360,000 for the purpose of constructing a solar array to offset electrical cost and to utilize the issuance of not more than \$360,000 of bonds or notes in accordance with the provisional Municipal Finance Act RSA 33 and to authorize the Commissioners to issue and negotiate such bonds and notes and to determine the rate of interest thereon; Further to authorize the Commissioners to apply for, obtain and accept Federal, State or other aids, grants, gifts or other forms of assistance which may be available for said project. Recommended by the Commissioners.

Selectman Brown made a motion to recommend Warrant Article I, seconded by Martha Mical.

It was noted it would require a 2/3s vote at the Water Precinct meeting, March 15<sup>th</sup> at 7:00 p.m. and that the poles would be open for an hour.

A voice vote was taken with all in favor of recommending Warrant Article I.

Warrant Article VI to see if the Village District will vote to raise and appropriate the sum of \$40,172 to purchase a new plow and tool storage pickup truck for the district and to authorize the issuance of not more than \$40,172 in bonds or notes in accordance the provisional Municipal Finance Act RSA 33 and to authorize the Commissioners to issue and negotiate such bonds and notes and to determine the rate of interest thereon; Further to authorize the Commissioners to apply for, obtain and accept Federal, State or other aids, grants, gifts or other forms of assistance which may be available for said project. Recommended by the Commissioners.

Martha Mical made a motion to recommend Warrant Article I, seconded by Selectman Brown.

Kimberley Edelman noted that both figures need to be corrected to read \$40,172 as read by Mike.

A voice vote was taken with all in favor of recommending Warrant Article I.

Mike stated he would like to proceed in the following order: Operating Budget, Capital Budget and Revenue. There were no objections from the Budget Committee and Mike opened the Public Hearing at 7:37 for the Town of Warner Budget.

**C. Operating Budget at \$3,026,049.00 represents a 2% increase over last year. Mike stated he would group it by category for public comment or suggestion.**

**Selectman's Office - \$137,850.**

Andrew Howard: Does the 2% raise apply to various components? The 2% was across the board to all employees except the Selectmen. When is the last time employees got a raise? Martha M: There was a cost of living last year of 1.7%. Are there raises every year? Town Administrator: Historically, going back to 2003, the employees were getting anywhere from 2%-2.75%. In 2008 the Board of Selectmen worked with a committee and the Town Administrator to put in place a step wage scale and categorized all jobs at certain grades. The idea is that every year someone who worked for the town would go up one step and was modeled over the state of NH pay scale.

We quickly realized that couldn't happen all the time as the recession hit that year (2008). In 2008-2009 they followed that increase and by 2010 split employees into two groups; group one got an increase and the other half did not. In 2011 the other half got an increase and the others didn't which slowed down the scale. In 2012 it was abandoned and there were no step increases. In 2013, one group had gotten two steps and one had gotten one so that was adjusted and was plateaued with everyone else getting a 1.6% increase. In 2014 we had a 1% increase and the final step was made to the group that didn't have it. In 2015 everyone got a 1.7% wage adjustment based on Social Security.

The Board of Selectmen looked at this and decided that it's now time stop looking at this as more than just a wage adjustment and proposed the 2% across the board increase which is just .3% over last year.

Selectman Clyde: One of the things that doesn't come through with increases is that even though it increases the cost to the town what happens each year is there is an increase in health benefits. The additional cost of that to the employee sometimes cancels out a wage increase.

Andrew Howard: In the context of overall cost of living in the state I think your timing is poor and would recommend the board reconsider.

The Town Administrator discussed the fact there was only one step increase across the board for the two years period of 2010-2012 and that a wage comparison study was done in which they looked at the wages and description for each job in town and compared against a dozen other towns some in this area, some slightly outside the area. Based on that study Warner is on the low end of wages so we need to be careful because we don't want to lose employees to another town.

John Leavitt: The wage comparison was a good starting point but didn't look at the total benefits and services of the town. We received the final budget on January 2th for 2015 and last week had some discussion that peaked my interested. I've done a lot of to work to determine where we stand with these pay increases.

John continued describing his plan to reach a level budget and noted he had done a spreadsheet on it. He is not critiquing each salary increase, each one is independent and various factors have to be considered and he does not have a problem with the 2% across the board increase. The bottom line increased by 6% as some employees are getting more than 2.

In 2011 the median household income in NH was -.51%, in 2012-.65%, 2013 -.36%, 2014 went up 1.93%. That's an average of .43% increase per year. The budget increased 2.2% in 2014, 2015 was advertised as being flat however there was a bond that retired that year and with that figured in had an increase of 2.6%.

I'm concerned about this budget and propose we flat line the 2016% budget with a 0% increase.

Martha B: You can look at 2% and say the taxes are going up. This 2% is about the same, maybe a little less, than the new truck for the Water Precinct. Most of the town employees live in town and they should be well taken care of. For me cost of living is what it costs me to go to the grocery store and or buying a new vehicle, it's gone up more than 2%.

Chief Chandler: To clarify something John said that "they" said was going to happen and never did, copays on insurances for all employees went up. That is one thing that did happen.

John Dabuliewicz: I'm confused by the Town Administrators presentation. Do we have a system of step increase in place so that you can expect a raise each year? Jim replied it has been suspended and the last one was in 2014. John asked how John Leavitt arrived at a 6% increase in salaries.

Town Administrator: I appreciate John Leavitt going through this and he has spent a lot of time on it. One of the things I would like to point out is that every year in the operating budget the town departments turn back a surplus if they don't spend their whole budget. For instance in 2012, \$92,000 unspent came back to the town, 2013 \$90,000 came back, 2014 \$56,000. This year \$105,000 is coming back unspent.

It goes back to salaries, what John did with his review is he picked up anything that was in salaries. There are salaries for overtime and part time. Those overtime salaries are built in contingencies and we have no idea how many snowstorms we will get. It costs \$15,000-\$12,000 for one storm. What we need to be looking at is the people who have been here had a 2% increase on their salary. The overall increase of 6% is including the increase that we've had to make in overtime, promotion and new hire increase on an individual basis. We also increased pay for doing things like Town Meeting Moderator as they haven't had an increase in a number of years.

Martha M: It has been suggested that the Moderator get a \$200 raise which would be a 200% raise, the deputy tax collector who's never had a raise in 7-10 years got a \$200 raise which is a 19% raise. When you have those increases it throws that percentage off.

John Leavitt: That's why I didn't want to get into line item by line item and looking at the overall picture for the town there was a 6% increase in labor costs.

Kimberley Edelman said it's more like 5% because you didn't count the wages that were dropped, when comparing last years to this years the spreadsheet needs to be complete. John made the point that neither 5% nor 6% is acceptable and the problem is the employees exceeding what the population is getting for increase.

Selectman Hartman: The Board of Selectman tried to keep increases and the budget within reason. I'm willing as a resident of this town to include a generalized 2% increase for the people of our town. We went through each line too.

Martha Thoit: If you use these percentages for the Supervisors of the Checklist, that's three supervisors not one and we have four elections this year which makes a big difference in the amount of money paid out. We have not had a raise in many years.

Town Administrator: John is right, when we look at the budget, from a budgetary standpoint we may be higher than that 2% which is why I brought up how much money comes back to the town. What we don't want to go is get in a position that we have a budget so tight that we run out of money at the end of the year. We've established a whole budgetary process to avoid that. A good part of the surplus is unused maintenance that was built into the budget for a worst case scenario.

Pat DeAngelis: All of these departments have surpluses and where does that go? Mike replied it goes into the General Fund and in September/October the Selectmen make a decision of what the tax rate is. At that time they can apply funds from the General Fund to offset the tax rate. The state has a recommendation that we maintain a surplus of between 8%-17% and we are trying to maintain about a 10% surplus. That helps with cash flow, paying the bills throughout the year and for potential disasters.

Jeanne Hand: When you were discussing the 2% raises, did you consider the social security? She was told they did. Jeanne continued, there are a lot of senior citizens in this town paying high taxes. I would have liked to see maybe a 1% increase in the operating budget.

Selectman Brown: The state of NH gave 2% raises this year and our crew on the highway department could go to Exit 7 and get a job with them. We have to keep our wages competitive, if we don't we lose people and were down 2 people in the highway department this year which is not good. Selectman Carson made the point that it's a competitive market so some new hires are paid more.

Andrew Howard: It would be helpful to the voters of the town to provide the backup information as to why the increases were given. If the highway department was short 2 staff I didn't notice the effect on the roads so are we overstaffed?

Martha B: If people want an explanation and don't want to be surprised, we on this committee who aren't paid a stipend or salary, show up every Thursday for the past four months. It's been publicized, we've been talking about this budget and you've been welcome to come and hear what's going on. We have put the information out there.

Martha M: There are our minutes and also the Selectmen's minutes which tell you what salary they are hiring someone at. It might not tell you what the person who was left was getting paid and that may be something the Selectmen do from now on.

Andrew Howard: The timing is not good because of what is going on in the economy specifically in NH.

Mike read the following items with no audience discussion or questions:

**Elections – Up 180.2%.** Four elections this year as opposed to one last year.

**Finance – Up 1.9%**

**Tax Collector – 2% increase to total budget**

**Treasurer – Up 3.9%**

**Town Clerk – Up 3.8%**

**Trustee of Trust Funds – Up 10%**

**Assessors Office – Up 9.7%**

Andy Bodnarik: We've been talking a lot about percentages and one thing we seem to forget is when you look at percentages and at the different totals, some of the percentages seem high compared to others. Look beyond the percentages to the actual number of dollars spent which is where the rubber meets the road. Mike made the point we don't pay in percentages, we pay in dollars. Andy continued that if you look at the tax rates over the years, some years they went up pretty high and others not so much. We have good years and bad years because of the problems that occur.

Jeanne Hand: For outside assessing services, last year the budget was \$3000, they spent \$816 which means the difference went into the General Fund. This year they requested \$9700. Mike explained the difference is the re eval that was done last year meant there was less of a need for outside services. For years when there is no re eval done, more outside services are required primarily for pickups.

Martha M: We also took the \$3000 that was in appraisal review and that is zeroed out for 2016 and those two lines are combined. The other line will go up because this year we don't have to pay for abatements, next year we will. Martha explained pickups are for changes/additions to a property and a visit is made to the property to determine the impact of that change/addition to property value.

**Legal Fees – Up 33.3%.** Mike noted this is an estimate at best and unless we know how many lawsuits and lawyer consults will be needed this year that is the best we can do. At certain times the Selectmen seek legal counsel or the town may be sued, etc. We try to be prudent but it does fluctuate.

Martha M: It was increased because in the last few years we have needed more legal help so we finally brought the budget closer to what we're actually spending.

Town Administrator: Under legal is also the town using legal assistance for ordinances and regulations when we find violations of that to maintain zoning integrity.

Steve Bridgewater: In years past we had a town solicitor in town, who are we using now? Are we part of a municipal association? Do we have a lawyer who will look at, for example, zoning applications, before they become an issue? Mike answered we don't one on retainer and have used several because of conflicts of interest. The cost to retain one would be substantial and the town hasn't felt it necessary.

Steve Bridgewater: Do you think some of the legal issues that we've had as a town have resulted because we haven't had judicial overseers? Mike asked the Selectmen to answer that.

Selectman Brown: The only one I've had to deal with is Gamille Adzmy which is on ongoing saga that we have dealt with 2-3 times.

Town Administrator: We are a member of the NH Municipal Association who offers legal services as part of our membership which we use whenever we can. It's limited in the sense that they will give us interpretations on RSAs and have assistance for employee and personnel issues and things of that nature. What we try and do is if we feel we have a potential issue it's better to get legal advice and pay \$200 than wait and get a lawsuit and pay \$2000. In addition to that, we use attorneys at Upton and Hatfield in Concord.

**Benefits – Up 5.2%.**

**Land Use – Up .1%.**

**General Government Totals – Down 46.5%.** Mike said the first is the town hall which represents a decrease in cost of the town hall buildings. Second is the Old Grade School decrease of 12%.

Alfred Hanson wished to discuss Line 103 and Line 104 and asked if the custodian salary and maintenance salary are part of the new job at the highway department.

Town Administrator: We have a second part time person who does custodial work, doing the floors, cleaning the bathrooms on a weekly basis and averages 3.5 hours per week so it's not part of the building supervision position. The Building Maintenance salary has dropped to \$0 and has been used in part to cover the job change in the promotion for that person to take over some of the duties of the part time position.

**Cemeteries up 35%.**

Ed Mical: I'd like to know why the American Legion wasn't paid their other half. Selectman Brown replied that they hadn't gotten an invoice from them and was told they have never sent an invoice.

Town Administrator: We write a check when we get a record sent in for each 6 month period. For some reason that wasn't received. The question I had which wasn't answered is have we had a change in leadership over there. Ed replied there was not.

Barbara Annis: We have a moral obligation to pay the Legion \$1200/yearly and have done it for 20 years. Why aren't we increasing it next year to \$1800 so they have what is owed them. Mike said he had made a note to discuss this later.

Alfred asked to backup to Cemeteries and the \$5,000 requested for repair of monuments. I understand where that is coming from and the question I have is there is money in the trust funds for the cemeteries.

Selectman Brown said he had spoken to Gerry Courser who is on the Cemetery Commission who explained how their program works. They do have a little money from 4-5 years ago for this and Selectman Brown asked Mr. Courser if they had \$5,000 would they use it for repairs. Allan said he lives near a cemetery and can see three broken stones

there which he feels is disgraceful given we have 18-19 cemeteries in the town. Families who built the town are no longer here to maintain the stones and he thinks they deserve that respect.

Selectman Brown clarified there is money for perpetual care of stones for specific graves so can't be used for stone repair in general. Mr. Courser had said they try to take care of the stones that are most visible.

Alfred reviewed various cemeteries and their funds and said there is over \$100,000 in Trust Funds for cemeteries. Selectman Brown said he isn't sure how that gets broken out into perpetual care graves but those funds are set aside just as our capital reserve funds are set aside for specific uses.

Town Administrator: If you look at Line 128 for Town Cemeteries, that is what the town pays for general maintenance but none of that goes to the actual care of graves. The care of graves is a different area which is where I believe Gerry is saying they don't have enough funds and I'm not that familiar with them as the Trustees of the Cemetery Trust handle them.

Nancy Ladd: It may sound like they have a lot of money but need to keep that as principal and it's only the interest that is spent. If you spend down the trust fund you'll have nothing.

**Insurance Totals – \$109,800 up 3.6%** includes property liability, unemployment, and workman's compensation and does not include benefits.

**General Government Agencies – up 4.8% to \$19,850.** These are dues paid to NH Regional Planning, etc.

**Police Department – decrease of \$1,312 or .3%.**

**Ambulance Service – flat line.** We get a bill from Hopkinton for the cost of service to the town.

Martha Mical confirmed with the Town Administrator in 2015 \$70,504 is the complete bill.

Martha B: Asked if every time we make a call for emergency services the ambulance is automatically dispatched?

Chief Raymond: Yes it is if its medical because we can't transport and if we cancel it before it gets there or there is no transport we aren't charged. If we have a structure fire or a situation where we need an ambulance on call we don't get charged for that either unless there is transport.

Martha B: If I called them out and found out they didn't need to transport me, they obviously aren't going to charge my insurance company but will they charge the town? Is the cost we pay based on how many times the ambulance responds to a call in town?

Chief Raymond: It's a formula they use to come up with the rate. It costs a certain amount to have that ambulance up and running. Of that time, if we use it say 5-7% of the time, Webster uses it 15% of the time, and that's what we pay. We couldn't own an ambulance and staff it for what we pay Hopkinton. Martha B. clarified that the rate is based on the percentage of the ambulances time we utilized the previous year.

**Fire Department – Up 5.3%.**

**Building Inspector – Up 1%.**

**Emergency Management – Decrease of 57.6%.**

**Highway Department – Up 2.9%.**

**Street Lighting – flat line.**

**Transfer Station – Up 10.1%.** Selectman Brown noted that hazardous waste disposal fee went up a lot, \$5,000 to paint the building.

Andrew Howard: Regarding the highway department, I read in the meeting notes that the budget has increased substantially and there was a comment about there being a lot of projects to do going forward which is why they needed more money. How do we prioritize the projects?

Selectman Brown: Years ago the town created a road committee to prioritize jobs and there were several long lists. He described several projects, some of which are small and that is what we try to get done so they can be taken off the list. Martha Mical clarified it is between the Board of Selectmen and the Department of Public Works Director to decide which projects to do each year.

Martha B: In the past, it has been included in the appendices with the Capital Improvement Program.

Mike: I meet with the highway director and the anticipation is we have a pit at Pleasant Lake that we bought, where we dig out gravel and we have to reclaim that per state regulations. The hope is to continue the reclamation which will take some time.

The discussion continued with red listed bridges, state aid that can be applied for to help with the cost of those and matching grants that are available, and that the state inspects all bridges every two years or if red listed every year. Selectman Brown said to get into a state aided bridge project it would currently take 7-10 years.

To some concerns John Leavitt voiced regarding the Highway Department budget and the fact that it sometimes appears their Capital Reserve fund is supporting it, Selectman Brown said that if we're going to hire out a job, do we want to pay a contract price for gravel or supply it ourselves at a reduced rate? Gravel money has been appropriated out of the Highway Department budget and added on whatever we wanted to do for maintenance or whatever so in other words we have always done a mix and match.

John Leavitt: You're missing my point which you have 10,000 yds. of gravel that you're using but it shouldn't be billed to the Capital Reserve fund but should be taken out of the operating budget, otherwise you're doing two things; you're artificially lowering the operating cost of the highway department and you're deflating the total in the Capital Reserve fund so we don't have a clear picture during the budgetary process.

Martha B said she thought John was missing the point and said when the capital reserve funds were first created, the road construction needs were presented to the town and because we had so much that needed to be done we put money in the capital reserve fund so that when we had specific projects we would have the funding. That is why we keep putting money in it and don't question the projects because that list of projects will never be finished.

Tim Allen: This being my first year in the position when we talked about Waldron Hill it was discussed to pay for as much of the project out of the capital reserve fund as we could because of the reclamation plan for the pit. We have a five year time limit to get a certain amount of the project done and 2017 is the 5<sup>th</sup> year. We didn't do anything on it last year. When this was discussed, I asked if we could use some of the gravel funds to reclaim it if they were available. The discussion was to try and use what we have in capital reserve for Waldron Hill because the estimated cost was more than the capital reserve fund so some of the monies had to be included in the budget.

John Leavitt: I'm well aware of how the highway department capital reserve fund works but my point is the highway operating budget should reflect as close to the actual expense of the Highway Department regardless of what projects they're doing and when they're showing a \$90,000 surplus that's not an accurate number.

Discussion continued that that surplus is probably due to being short two employees.

Town Administrator: In addition to that, there was a light December so wages that we had budgeted for weren't expended.

Marianne Howlett: Since everything was supposed to be in for the Town Report earlier this week, do we not have the numbers for Waldron Hill that can be shared with us? Was the same amount withdrawn from the capital reserve fund as what you say Waldron Hill cost. That's a relatively simple question.

Town Administrator: Waldron Hill was estimated at \$592,000. The actual cost has come out to \$536,388.42 and part of that decrease occurred because certain supplies and part time flaggers were supplied by the town at a lower cost. In addition to that we had to make decision as to how much we wanted to take out of the capital reserve fund if we're finding that we're not meeting all the projects. It's preferable to keep capital reserve funds and build them up. That's in part what happens.

Marianne: Did you withdraw the \$536,388.42 from the capital reserve? Tim Allen confirmed around \$40,000 came out of the operating budget and that the gravel number in the capital reserve fund is what they used on Waldron Hill.

Selectman Brown: My comment to Tim when we starting talking about the Waldron Hill project was to not drain the operating budget but to take money out of capital reserve which is what that money was put in there for, construction projects. The operating budget is for maintenance on the roads.

### **Health and Welfare – Decreased 8%**

### **Parks and Recreation – Decreased 4.2%**

**Library – Decrease 1.5%.** This is a result of them getting a set amount established in the 1800s which is a percentage of the town's evaluation which went down this year.

### **Memorial Day – No change**

**Conservation Commission – Up 52.6%.** The percentage may be high but look at the dollar amount.

## **Total Budget of \$3,026,049 – Up 2%.**

John Leavitt: I stated my position and when we vote on the budget I'm going to propose holding the 2016 budget at the 2015 levels of \$2,966,834. I can state my reasons now or wait until Monday night.

Peter Anderson stated he would like to hear John's reasons.

John: Working from the bottom line, the proposed budget is \$3,026,049. Last year's surplus was \$104,983. The ideal number for end of the year surplus is \$75,000. The real surplus is \$133,483 for last year because the administrator decided to buy a generator for the highway department out of their surplus. That is another reason I was concerned about the highway departments surplus not being reliable.

I deducted the real surplus of \$133,483 from the proposed budget. The highway diesel is level funded at \$65,000. Diesel fuel has gone down 40%. I'm suggesting that line item be reduced by 20% which is \$13,000. It was suggested at last week's meeting there could be a reduction in the finance line due to an individual being out of work so I took \$6,000 off of that.

Martha M: I brought that up and have researched it and the information I was basing that on do not work out so it's not feasible.

John: I added in \$75,000 surplus which makes the new budget total \$2,948,566. Then I added .7% inflation rate and the proposed new budget comes out at \$2,969,206 an increase of \$2,372.

Selectman Brown: We're in a fixed price contract with the state of NH until October so you can't go by what you see at the pumps.

John: The numbers that were given to the Budget Committee for diesel per gallon was \$3.10. At a subsequent we were told that the price from the state would probably be around \$2.57 so we're still within my figures.

## **D. Capital Budget/Warrant Articles**

**Article III** – Shall the town vote to raise and appropriate the sum of \$392,400 to construct a municipal solar array panel on the town land near the Transfer Station. Of this amount \$75,000 is to come from the rebate from the Public Utilities Commission, \$10,000 for the first loan payment raised through taxation and the remaining balance \$307,400 to come from a combination of a grant from the Rural Development Office of the U.S. Department of Agricultural and other long term financing. Furthermore to authorize the issuance of up to \$307,400 of bonds or notes in accordance with provisions of the Municipal Finance Act RSA 33 and to authorize the Board of Selectmen to issue and negotiate such bonds and notes and to determine the rate of interest thereof as well as apply for, obtain and accept Federal and State Grants or other forms of aid and assistance which may be available for said project. It is estimated the town will realized a net savings in the cost of electric power at the loan payment starting in the first full year of power generation from the solar array panel. Recommended by the Board of Selectmen.

Andrew Howard: "After loan payments" could you describe what's behind that?

Selectman Carson: In 2015 we paid just over \$31,000 for electricity for the town. The loan repayment based on a 3.4% interest rate for 12 months will be \$19,452. We have to submit \$300 for insurance so the cost of the project on an annual basis is just under \$20,000. We will get a check from Eversource based on the electricity produced which goes back into the network. For that we should receive a check on an annual basis of \$16,500-\$17,100. For each 100 kilowatts we produce we can sell renewable energy credits and expect at a minimum \$5600 from that. The total of what we expect to receive for electricity produced is just under \$22,000 yearly. On the conservative end our costs would drop to \$28,900, on the expected end it drops to \$25,966 for an annual savings of \$2500-\$5400 new savings.

Discussion was held on the rate for what we're paying for kilowatt hours, noted to be .11 - .13. It was stated there is another public hearing on March 3<sup>rd</sup> when all of the Solar Array information will be discussed.

Pat DeAngelis: Last night we didn't talk about the \$10,000 for first payment, is there a reason it's separate?

Selectman Carson replied when we build the array and it goes on line we will start paying loan payments of which \$10,000 is about 6 months of loan payments for 2016 before we are cash positive.

Jeanne Hand asked for explanation of the \$10,000 and the sources of funding.

Martha B: We have budgeted for the full year for electric on our town buildings. When Ray Martin presented on their Solar Array, he reduced the cost of their electric. Mike explained that the precinct is not doing net metering which the town is doing and will be getting back revenue. The precincts bill will be reduced instead. Martha B. asked if we have figured in anticipated revenue and Selectman Carson said we have not because we don't know when it will start. Mike stated any revenue received will be analyzed as adjusted taxes in October.

John Leavitt: There is a way to ensure that taxpayers get all of the revenue in their taxes. You could have a warrant article each year equal in the amount we received from Eversource. Selectman Carson said we can't do that because it is revenue to which John replied we could have a warrant taking it out of the general fund and putting into operating.

Jeanne Hand asked when the breakeven point is and Selectman Carson said it is 7-8 years out.

**Article IV** Shall the town authorize the Board of Selectmen to enter into a lease/purchase agreement a new highway grade. Total cost of the grader through this agreement is \$299,251. Furthermore to raise and appropriate the sum of \$42,750 for the first annual payments in 2016 for this lease agreement. The annual lease payment for the seven year lease will be \$42,750. Upon completion of the lease agreement the town takes full ownership for \$1.00. Recommended by the Board of Selectmen.

Andrew Howard: Do we have a grader now? He was told we do and Andrew asked if anyone has done any replacement analysis and it was noted Tim Allen has done extensive research.

Tim: Our machine is 17 years old, it has 11,700 hours on it, is to the point where it's using a lot of oil, has a couple of transmission issues and I have a couple of estimates on what it would cost to rebuild the engine and transmission. That's \$55,000-\$65,000. We have invested a lot of money in it in the last two years to keep it going and it's usable but not reliable.

Andrew Howard: There are standard procedures for large equipment replacement analysis which are taught, probably at the high school. I would recommend the town institute a policy requiring that be done. I assume anything in a warrant article is not in the operating budget so anything we approve will increase our tax rate.

Martha M: Your tax rate last year was based on an operating budget with warrant articles. The warrant articles total this year is not a lot more than last years and it was clarified they are less than last years.

Martha B: We're a town of 2800 residents and we have knowledgeable Selectmen, a good department head and an administrator and I think we can trust that.

Town Administrator: There is a concern about how we vote, the more appropriated the higher the taxes. All that we are voting on affects the town portion of the tax and in 2015 our capital appropriations were \$579,000, today its \$558,000 both of which are typical amounts. If you look at the CIP Committees recommendations, our capital budget ideally to meet all the needs of this town should be about 1.2 million. We never meet that and it's not feasible for a town this size to do that.

When you look at the towns share which in 2011 was 8.60, 2012 was 9.59, 2013 was 9.19, 2014 was 9.29, 2015 was 9.24 – you can see the trend and the board works with these budgets very carefully and uses the surplus so we don't see the town portion going up a lot.

Lydia Dube asked what the plans were for the old grader. Tim Allen replied that it's a trade in for the purchase of the new one.

John Leavitt: The equipment replacement cost analysis probably would assist Tim and knowing the history of the grader we should have replaced it two years ago.

Mike: Frequently with equipment we extend the life of it. When we buy a six wheeler, we've got as much as 26-27 years of life out of it by maintaining it and replacing parts. Andrew said that may not have been the right decision the analysis would help. Selectman Brown said he agreed but sometimes reality doesn't work that way. The town used to appropriate \$110,000 a year to put in capital reserve for equipment and in 2010-2011 it went down to \$50,000. We did a study which recommended keeping \$110,000 in there and now we're playing catchup from cutting it in half.

**Article V** Shall the town vote raise and appropriate the sum of \$3,260,049.00 as the 2016 Operating Budget. This amount does not include appropriations contained in individual warrant articles which are addressed separately. No discussion.

**Article VI** Shall the town raise and appropriate the amount of \$735,000 for the construction of the roundabout on Rte. 103 near Exit 9 of I-89 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. Recommended by the Board of Selectmen.

Mike: The rationale behind this was that we voted on it last year but the project wasn't completed last year and was not put into bid or bid out because the state has not come back to us with approval. We couldn't encumber the funds so are redoing it for legal purposes.

Selectman Brown noted we had gotten an email today from the engineering on this who had spoken to the state who assured us we would have approval by the end of next week or not sooner.

Town Administrator: This is a warrant article that reauthorizes the vote from last year. There is no change in taxation due to it because the money has been collected and is in general fund.

**Article VII** Shall the town vote to raise and appropriate the sum of \$25,000 to be added to the previously established Property Re Eval Capital Reserve Fund. Recommended by the Board of Selectmen.

Mike noted we do an eval every five years and one was done last year which depleted the funds so this will start to build them back up.

Jeanne Hand asked to go back to Warrant Article VI and said in looking back at the capital reserve over the last three years this year we have \$45,000 and a year ago we had \$100,000. What happened to the other funds? The Town Administrator replied that money had been used for the engineering and design.

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

Mike said we need to replace a cruiser this year and an SUV next year so this is to build the funds up.

Chief Chandler: We do have a slight concern about the capital reserve for the CIP under this. In 2014 when I requested \$15,000 it was reduced to \$10,000, in 2015 the same happened, this year I requested \$20,000 and it was reduced to \$15,000. My concern is after the purchase of the 2016 replacement, there's going to be an approximate balance of \$6,500 in that account and next year if we do the \$15,000 it will bring that to \$21,500. It would be sufficient to buy the SUV if \$15,000 were added the next year. The estimated cost of the SUV is \$36,000-\$37,000.

After town meeting next year I'll be lucky to have enough to purchase that and if I do we're coming out of next year with a \$0 balance in CIP and are starting all over again. The next slated cruiser replacement is in 2019. I want everybody to realize the only way to get back on track is going to be in 2018 or 2019 substantial warrant articles of \$20,000-\$25,000. When you make the purchase in 2019 you'll be back to a \$0 balance. My theory with the CIP is that I wouldn't run it to a \$0 balance.

**Article IX** Shall the town vote to raise and appropriate the sum of \$100,000 to be added to the previously established New Fire Station Capital Reserve Fund.

Martha M. asked if we had any information or adding anything to this. Selectman Brown stated the Board of Selectmen has voted to keep it as is. Martha asked if the Board had also voted to not let the public know what lot they are thinking of. Selectman Brown said, no we don't want to tip our hand and until we have a P&S are keeping it nonpublic. Martha M. said if at Town Meeting they don't have a P&S, they aren't telling the public what site? Selectman Brown said they will absolutely have a P&S by town meeting.

There was discussion of including that information in the town newsletter, that there may be an article in the Intertown Record, there may be a public meeting or use the electronic sign. The Town Administrator said the intention is not to go in to town meeting with everyone in the dark and the word will get out as soon as possible. He noted the Board of Selectmen has the authorization to expend the capital reserve fund that has been established for this and there is no legal obligation to tell the town ahead of time.

Ed Mical: Two years ago the legislative body put in restricts on the sale or purchase or property. The Planning Board, Conservation Commission and two public hearings and as far as he knows that still stands. There is nothing in the article that says they're going forward with the purchase of property under that.

Selectman Hartman: We still have to abide by the directives of saying how we have to do it. I would fully expect between now and town meeting is enough time so that enough people in the town will know precisely what site is being voted on. This warrant article does not say to do any of the other things Ed mentioned but that has already been said as to how we go about purchasing a piece of property, we have two public hearings.

Martha M: I wanted to hear you say you are going to hold two public hearings prior to town meeting. Selectman Hartman said they will also go to the Planning Board. It was clarified by the Town Administrator it does not have to be done and won't be done prior to town meeting; it has to be done prior to the purchase of a piece of property.

John Dabuliewicz: Does the New Fire Station Capital Reserve Fund include spending any of this money to purchase property or for building?

Town Administrator: Look at the original purpose of this capital reserve last year which was for the purpose of purchasing land for a new fire station site and design and construction of a building.

**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. Recommended by the Board of Selectmen.

Chief Raymond noted they had received \$0 last year which put them in the same predicament that Chief Chandler is in. The Fire Department is due to replace Engine 1 by 2018 which takes a year to build. This will give me about \$315,000.

John: If by the time you order the truck you're 100% a new station is going to be built, would you have it custom built to which Chief Raymond replied they would not.

Alfred asked what the difference is between the customized trucks we need for the current fire station and a normal one. Chief Raymond replied it costs 10%-15% more for customized.

**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.

Chief Raymond: That fund was established to start replacing breathing apparatus and any other fire protection equipment we have. The life of turnout gear is about five years or less and goes for about \$2,000 per fireman. We are on a rotation now and buy about 5-6 at a time. We did replace five self-contained breathing apparatus this past year at a good savings and I'm working on a grant for that now. There are 22 that need to be replaced.

Mike: This last year purchasing was coordinated with other communities so we bought equipment at a reduced rate and Chief Raymond didn't go with all of the "bells and whistles" of the equipment and stuck with what is needed for safety.

**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. Mike said the original plan was to have this at \$100,000 or better but the decision was made by the Board of Selectmen to reduce it to \$10,000 this year and the rest of the funding goes to Article IX.

John: The CIP calls for \$175,000 last year, we're only proposing \$100,000 which is now \$10,000 and I have concerns about future road construction. I've been told that Pumpkin Hill and maybe Burnt Hill will have to be put off a year and if I'm successful in leveling funding this year's budget the money saved I would propose go into road construction.

**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 vote to raise and appropriate \$25,000 to be added to the previously established Bridge Repair and Replacement Capital Reserve Fund. Selectman Brown noted they had just gotten engineering costs to put a bottom on North Village Road bridge near Silver Lake dam.

**Article XV** Shall the town vote 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. Mike said we are trying to move forward with the Odd Fellows building and have to remove contaminated soil at ground level.

**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. Mike noted the intention this year is to replace the lift which involves replacing door jams as the new lift requires wider ones.

Lydia Dube: I have had events here with people who have needed the lift and have had trouble getting them up and down. Andy Bodnarik asked if this would include new controls and was told it would.

Kimberley asked to confirm this is the full amount and the lift will be replaced this year if it gets voted in.

Town Administrator: We will have \$62,000 in the fund next week have a vendor coming in and will have it done this year.

**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.

John Leavitt asked Judy Newman-Rogers how many years the town was behind in preserving records. Judy replied we probably go back to 1980's or 1970's and different departments have preserved their records. Vitals are caught up and we don't get a lot of paper from them. It was clarified there are probably 30-40 years' worth and \$10,000 only does a couple of years at a time.

**XVIII** Shall the town establish a contingency fund for the current year for unanticipated expenses that may arise and further to raise and appropriate the amount of \$10,000 to be placed into this fund. The 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.

**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. Mike noted this is to replace a skid steer.

**Article XX** Shall the town vote to 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 Simon: This year the library submitted two capital improvement projects; one is to replace the carpeting in 2021, the other is for interior renovations done over three years and has requested funding for that for each of the next three years. The first year's project is to level the floor in the lower level meeting room which involves redoing the concrete floor, moving electrical outlets and finish work.

We had requested \$8700; the Board of Selectmen's recommendation is \$5,000.

**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.

Andrew Howard: In the meeting notes there was some mention of the fact that the commission was considering purchasing or getting involved with property outside of the town.

John Dabuliewicz: I'm a member of the Conservation Commission and I'm not aware of any outside properties. Mike started to read from Warrant Article XXII. John said he had written it and the warrant article had to be written a certain way. What it is about is if we are asked by a qualified organization which means a non-profit such as Ausbon Sargent, to participate in a project which has happened in the past, we are currently required by the town to take an interest in the project. We had a project where we contributed \$5,000 to the fund in order to do a survey. At that point in time we take executory or backup interest in the property fund which means we're required to monitor it. This would say it's up to the Board of Selectmen on a case by case basis whether that should happen or not.

Town Administrator: We had a similar situation in Goffstown and most of these easement deeds will designate a secondary or backup person within that organization. Without this it would fall back on the town.

Mike directed the discussion back to Article XXI.

Barbara Annis: I don't recommend this article because they received \$22,000 in 2015 from current use. The year before we didn't fund them at all and they got \$7,000 from current use. They currently have no project in mind and have \$97,000 to work with.

John Dabuliewicz: We do have a potential project and the point of this fund is to try and get money a little bit at a time so when a project does come up we have the money. Selectman Brown noted the CIP recommendation was \$25,000.

**Article XXIII** To see if the town will vote to adopt and the submitted petition amended to Article XII of the 2015 Town Warrant. This amendment states that the following tasks are to be undertaken as part of the process of vetting and purchasing a site for the new fire station.

1. Do not purchase property or pay for architectural design until the state of NH and the town of Warner Planning Board approve the driveway to the proposed property.
2. Do not purchase the property until permitting requirements regarding construction of a new fire station over the town's aquifer are clarified and resolved.
3. Secure three signed appraisals of a proposed property to be purchased.
4. Secure three written bids from architectural design firms to design a new fire station and based on specific building specifications secure three cost estimates to construct the station.
5. Provide and estimated cost of interest to bond the construction of the new fire station.
6. Site selection expenditures to purchase the land and expenditures for the new fire station shall need prior approval by majority vote of the legal residents in the town of Warner attending a special town meeting.
7. Hold a minimum of two public hearings addressing all of the above issues and be open to the discussion of alternative sites.

Submitted by petition. Not recommended by the Board of Selectmen.

Selectman Brown said this article was brought up at town meeting last year and defeated. It ties our hands so tight we will never build a new fire station.

An audience member asked why to which Selectman Brown replied there are some things you can't possibly do. The Town Administrator went into detail about this and said they had spent a year with a committee looking at all potential sites and what this is doing is having them do that and other things over again. A special town meeting has less attendance than a regular town meeting and usually heavy attendance is by those who have something on their agenda so it's not a fair way of doing it.

Andy Bodnarik: I have been involved in permitting a power plant on a Greenfield site. There are certain items in this list of seven that are out of place. You have to first own the property before you can approach a state agency for a driveway permit and that is just one example.

Marianne: As a point of clarification with talking about a special town meeting, this petition was received because they wanted to have a special town meeting; it wasn't petitioned to be put on this particular warrant.

John Leavitt: I don't think it's poorly worded and the intent is to resolve the problem with the previous property. It would need a lot of amendments from the floor if it's going to pass.

**Article XXIV** To see if the town will vote to rescind the requirements in amended Article IX passed at the 2011 town meeting for the Board of Selectmen to hold duly noticed public hearings prior to any expenditure of funds from the capital reserve fund for highway road construction. All other aspects of Article IX will remain in effect.

**Article XXV** To see if the town will vote to discontinue completely and absolutely the Class VI section of Mill Pond Lane and revert the land back to the abutter property owner of Map 16 Lot 37. This Class VI section begins 300 feet from the beginning of the road and traveling in a northeasterly direction for about 1200 feet until the right of way terminates at Route 103.

Selectman Brown said this road has been discontinued for 100 years but didn't revert the right of way back to the landowners.

### **3. Revenue**

Projected revenue for 2016 is \$1,039,064. Mike said it is always projected conservatively and necessary adjustments are made when setting the tax rate in September/October. The Town Administrator stated the next time revenue is reviewed in September we have a good idea of where we stand.

Mike closed the 2016 Budget Public Hearing at 10:43.

### **4. Meeting Schedule**

Next meeting is scheduled for Monday February 8<sup>th</sup> at 7:00 p.m. to vote on the budget.

### **5. Public Comment**

None

### **6. Adjournment**

A motion was made and seconded to adjourn at 10:44 pm.

Respectfully submitted,

Lois Lord,  
Recording secretary