# Warner Municipal Budget Committee

**Meeting Minutes**
**Thursday, October 20, 2016**
**APPROVED**

Chairman Mike Cutting opened the meeting at 7:04 pm.

Committee members in attendance:

- Mike Cutting - Chair
- Kimberley Edelmann - Vice chair
- Allan Brown - Selectmen's representative
- Alfred Hanson
- Jonathan Lord
- Martha Mical

Excused committee members:

- John Leavitt

Absent committee members:

- Pete Newman - Water precinct representative

Also present: Jim Bingham, Judy Newman-Rogers, Peter Anderson

## 1. Meeting Minutes

The WBC visited departments in Warner on September 29 and October 13. Notes taken during those site visits were recorded and presented as meeting minutes. A minor correction was noted for the October 13 minutes.

## 2. Tax Rate

Allan Brown provided information about the tax rate. The recommended overlay is $75,000. Previously it had been at $200,000 for the past three years. Martha said only about $50,000 per year had been used for abatements. She believes there is about $450,000 in the unassigned fund balance. It is also suggested that $100,000 of the unassigned fund balance be applied to the tax rate.

Allan said the Selectmen had only discussed the tax rate earlier that morning.

Jim sent the numbers into DRA for review. The Town municipal tax rate proposed is $8.87. That is down 37 cents from the current rate of $9.24. Jim said the total tax rate for Warner would be increasing from $26.64 to $27.34. This includes the $1.06 increase from the Kearsarge Regional School District. The County tax went down a couple cents.

### 2.1 KRSD Tax Rate

Alfred asked if the school reps were coming to the meeting. Kimberley said all four would be at the November 10

meeting; two school board members and two budget committee members.

Brief discussion about the KRSD budget followed. Peter Anderson, one of Warner's representatives on the KRSD Municipal Budget Committee, provided a few points off the top of his head:

- Proposed $1,000,000 budget increase for next year; $2M something last year
- Teachers' contract, increases were approved in March 2016
- Cost of health care
- Increased retirement benefits

Kimberley suggested that it would be interesting to see a chart showing the breakdown of taxes. The Warner operating budget continues to be a smaller piece of the pie. Martha noted the same is true for capital. Jim added that town appropriations went down $6,000 from 2015 and that the assessed value of the town increased by $2,300,000. He said the operating budget is flat and department heads are running the town as efficiently as they can.

Mike is concerned that Warner is "baling out the school" by holding the municipal tax rate down while the school has no regard for anything except continually growing. Alfred agreed. Allan said the board has had that discussion. Allan said education is needed. Alfred said the school board never provides answers. He said he was amazed at how they spend money.

Jonathan asked if Warner should look at Hopkinton High as an option. Allan said they have a $21M budget; Warner will be paying $5M.

Mike noted that the KRSD budget will be covered in depth at the November 10 meeting and moved the meeting along.

## 3. Capital Improvement Program (CIP)

Peter Anderson chaired the 2016 update to the CIP. He provided an update to the WBC. Reviewing the introductory sections of the CIP document, key points Peter noted were:

- A capital improvement was defined as having a cost greater than $15,000 and a useful life of 3 years or more
- The CIP committee did not rank projects; they accepted the rankings as submitted
- The ranking system was changed this year to try to simplify it; the project priorities are still not at the right mix
- Referring to pg 4, "Planning Board Review of Subcommittee Work", item 1: Peter can't imagine how the Planning Board would adjust scheduling or estimated costs. The PB does not adjust costs.
- Referring to the bottom of pg 6, where the projected Town indebtedness at the end of 2016 is shown as $265,327; Peter is very impressed by the fiscal conservativeness of the Town

Peter then moved to page 8 and 9 of the CIP document. This is where the two page spreadsheet summarizing all of the CIP requests from 2016 to 2022.

### 3.1 Board of Selectmen

Peter started at the top, "Board of Selectmen". Key points:

- The Board of Selectmen did not provide priority rankings; Peter provided them and was not happy about that.
- The CIP committee has concerns that the BOS are considering putting in a water-based fire suppression system in a building with so much paper. They would like to see this investigated further.
- Odd Fellows Building - Peter noted that it is hard to imagine after so many years that it is urgent
- Solar Array - Peter assigned it 3, desirable, but isn't sure it should even be that high. 1) The State has

raised the net meter cap, they have done nothing in return to the electric company. 2) It's going to require a $344,000 bond / loan (Solar array of $472,000 minus $13,000 work done by Warner's public works department and $115,000 PUC Grant. Clyde Carson did not provide the CIP committee with updated figures. These are from 2015). The committee is concerned about increasing the town's indebtedness by so much, especially in light of the fact that a fire station bond may be on the horizon. Peter added that by moving to LED lighting, the Town may see a major reduction in electrical costs. Jim expects a reduction of $4,400 per year by moving to LED at the Town Hall, the Police Station, and the Highway Department. The CAP building is not included in the upgrade.

- $190,000 for architectural and engineering fees for work on the fire station site is ranked as urgent.

**3.2 Town Clerk**

Next section, "Town Clerk". Key points and discussion:

- Storage construction - Building up a capital reserve fund, anticipating that something needs to be done. Mike asked Judy what was planned. Judy noted that no plans were in place, but several various quotes for possible solutions are on hand. There has been no money available to take action. Alfred asked if documents can be stored off-site. Judy and Martha noted that town employees need to be able to get to the records. Martha said one city had off-site archives and a full time person sitting with them. Allan did not want to have an off-site facility. Judy has visited other Towns to see how they approach. For example, Newbury has a basement room with shelving. Allan said the Historical Society has a nice records room. Judy noted that vaults and fireproof cabinets are possible. Jim noted that the current Selectmens' office is actually the most viable as it is on a slab, has cement walls has high ceilings and is climate controlled.
- Record material preservation - Continue preserving the Town documents and records as required by law

Peter noted that the spreadsheet column labeled "Project Funds Available Dec 31, 2016" is what is currently in the capital reserve fund. The column labeled "2017 Warrant Article Amount" shows how much is being requested.

**3.3 Police Department**

Peter noted that the PD is looking for funds towards the next cruiser.

**3.4 Highway Department**

Peter noted that Tim Allan did an excellent job of laying out the needs of the department. Equipment replacement, road repair, bridge repair. Peter said details can be found further into the CIP document.

**3.5 Transfer Station**

Peter said that Varick Proper is talking about purchasing a new trash compactor in 2021 and a new horizontal baler in 2022. Money for repaving and a new structure are also requested to go into the capital reserves.

**3.6 Library**

Peter said that, as usual, Nancy Ladd is the most completely prepared department head and knows where every nickel is, in his opinion.

Peter noted that the CIP shows the net figure of $23,868 for "Interior Renovations". Actual costs are expected to be $33,702 - $35,707, which includes $6,834 - $8,839 in donations and grants.

**3.7 Fire Department**

Peter noted that the FD is looking for funds towards the next vehicle.

### 3.8 Planning Board

The Planning Board submitted a CIP request of $15,000 to cover the cost of digitizing tax maps.

Martha pointed out that it had been done once before at the cost of $10,000. It was not maintained. The library got rid of the computer which had the program and the software was not saved. Martha is against the idea.

### 3.9 Everyone Else

Peter said no submissions were received from the Conservation Commission, Emergency Management, Parks & Recreation, Cemeteries, and Village Water District.

### 3.10 CIP Bottom Line

The 2017 Warrant Article Amounts column total is: **$1,292,868**.

Mike noted that the amount was unaffordable but not reasonable.

Alfred asked if the Fire Department had received a grant to purchase packs. This was confirmed. He then asked what the $25,000 being requested under "Fire Fighter Equipment" would cover. Jim noted that there was other equipment that also needed to be upgraded. Details could be found in the worksheets at the back of the CIP packet.

Peter said all of the requests, as received by the CIP committee, where attached.

***Note :*** *The 73 page CIP document and attachments is available on the Warner website, warner.nh.us.*

## 4. KRSD Advanced Placement Courses

Peter said he had something for Alfred who had asked a question last year about Advanced Placement (AP) courses at Kearsarge Regional High School. Peter provided a list of all of the AP courses and the number of students in each one.

| Course | Count | Course | Count |
|---|---|---|---|
| AP English Literature | 16 | AP Spanish | 1 |
| AP US History | 11 | AP Calculus AB | 28 |
| AP Economics (Macroeconomics) | 8 and 16 | AP Statistics | 17 and 19 |
| AP Psychology | 16 | AP Biology | 10 |
| AP Comparative Government | 25 | AP Chemistry | 21 |
| AP French | 1 | AP Physics | 15 |
| AP Latin | 2 | **TOTAL** | **190** |

Last year, the French, Latin, and Spanish classes raised questions. Peter said those individual students are not in a class by themselves with a teacher. There is not a special section for those classes. Colleges require 3 years of a foreign language; nothing beyond that. So, enrollment in levels 1, 2 and 3 are high. Levels 4 and 5, enrollment drops way down. The AP students will be put in Level 4 or 5 class and receive some individual attention from the teacher. As a school principal in three other states, Peter did the same thing, adding that schools can't afford to have one student per class.

## 5. More Insights into KRSD Operating Costs

Peter shared more information about the school district. He said for most school districts, the cost of personnel alone

is usually 82% of the budget. For KRSD, the cost of personnel is 68%. He noted that some costs can not be controlled, especially the cost of health care.

Peter said that with a small high school, there are no economies of scale. He believes you need at least 900 students to see economy of scale. His last school was 1820. When he bought paper, he could get good prices. Mike suggested KRSD could team up with other districts for better buying power. Peter said the Superintendent would have to address that.

Alfred spoke about enrollment in proportion to the staff. He said staffing levels only changed by one or two percent when enrollment had dropped by 30%. Peter replied that for every 25 students in High School that drops, that's one teaching section for each of five teachers. To lose one teacher at the HS level, he would need to see enrollment drop by at least 100 students. He said if enrollment drops by 50, you still can't let go of a teacher.

Alfred said when he was in HS, there were almost 800 students. Peter said Warner has more students than any other town in the district. Allan added that it always has, still does. Peter said enrollment projections are good for 3 years only. Peter is amazed at how many students are in Warner and said he rarely sees them.

Peter said towns have to educate every kid, including special ed kids which have a big impact on the budget. He said the current special ed director is very sharp and has done a great job managing costs. Peter shared that at one of his past schools, he had one student which cost $298,000 in one year to educate. Mike remembered Hopkinton having to install an elevator at their school for a new student.

## 6. Expenses Year to Date

Before digging into the reports provided, Mike requested that documents for meetings, whenever possible, be provided a few days before the meeting.

The committee reviewed the year-to-date expenses up to October 19, 2016, compared to the 2015 expenditures up to October 31. Town Administrator Jim Bingham noted that most ongoing monthly expenses should be 78 to 82% spent. Some might be at 100% because the money is spent all at one time. Some might be less due to being discretionary in nature. Mike added that some can be over 100% due to overspending.

Mike led the committee through the spreadsheet provide, department by department. Discussion and questions were as follows:

- **Board of Selectmen** - No comments
- **Elections** - Cost of the Presidential Elections will be higher than usual. The polls will be open an extra hour. Post-election work is also more time-consuming. 2000 ballots were sent to Warner. High turnout is expected. At the primary, around 150 people registered to vote. Recently, another 100 registered. More can register on Election Day.
- **Finance Department** - No comments
- **Tax Collector** - Allan noted that Marianne Howlett said the Selectmen's Office did a good job getting the tax rate out on time. Mical said the bills will get out by December 1st.
- **[Treasurer** - Ooops. This was skipped]
- **Town Clerk** - Mike asked Judy about "Conferences & Education" which was spent at 11%. Judy said she and Deputy Town Clerk Michele Courser decided not to go on conference after viewing the agenda. She added that they are required to attend one course per year to maintain certification. They decide which course to attend.
- **Assessing** - Mike noted that "Meetings / Seminars" was at 20% spent. Martha said some courses are inexpensive. One attended this year was only $10.
- **Legal** - Jim said nothing new was coming up that they know of.
- **Benefits** - Alfred asked how often "Health Insurance" is paid. Jim said it is paid monthly and was currently at

59.5% as the October payment had probably not been made.

- **Land Use** - No comments
- **General Government Buildings Town Hall** - Mike noted that the "Supplies" line was at 118.5%. (Budgeted at $1,000. $1,185 spent to date.) Jim said there had been a lot of paper use. More committees working. As activity increases, supply needs increase.
- **GGB Old Graded School** - Mike noted the "Sprinkler / Fire Alarm" line, budgeted for $1,000 showed $1,161 spent. Jim noted that some unanticipated repairs were needed. Condensation had caused some pipes to age prematurely.
- **Cemeteries** - Jim and Allan talked about the headstone repairs that Gary Young is doing. Instead of using epoxy which is not a good long term fix, he is trying aluminum bands to support the stones. Other towns have done this with success. Jim noted that the $5,000 "Cemetery Monument Repairs" line item may need to be adjusted for 2017 as the costs involved become more clear.
- **Insurance** - Jim explained that the town changed insurance companies for "Worker Compensation". The 2016 budget of $62,000 will be under spent by about half. $31,000 will not be spent. New billing for 2017 begins in January and is expected to be about $49,000 for the year. Jim explained that by having fewer WC claims, the town will be charged less.
- **Police Department** - Alfred said that in 2015, the department budget was $492,401. By the end of October 2015, $384,347 had been spent. Alfred noted that the department is on the same course this year. (Budget of $491K, spent do date $354K or 72%.) Alfred wondered why so much was being appropriated. He noted that "Contract Services", budgeted at $15,006, was only 52.6% expended. Martha pointed out that there was still two months to go for expenditures. Jim added that the salary lines were variable due to personnel changes and leaves. This also has some impact on contributions to "Benefits - NH Retirement". Alfred said over the past few years the department had had payroll related issues. Mike asked why "Building Maintenance", budgeted at $2,500 showed $16,603 spent. Jim noted Town surveillance systems had been upgraded and it was posted on the PD's budget.
- **Fire Department** - Alfred asked why volunteers are paid. It was clarified that the Warner Fire Department is on call, not volunteer. Mike noted that according to NH state regulations, on call fire fighters have to be paid a minimum wage. [Reference: RSA 508:12-b] Alfred noted people should change how they talk about the "volunteer fire department". Mike says it is an on-call fire department that puts in a lot of volunteer hours. Jim said that the fire fighters are now being paid quarterly. Alfred asked where the grant money received for the Scott air packs is recorded. Jim explained that it recorded as revenue and that the funds are set aside in a special account at the bank that the Town Treasurer can expend. Mike asked about truck maintenance, budgeted at $10,000 and spent at $11,508. Kimberley said surprises happen. Radio maintenance is also overspent at $4,050 against a budget of $3,500. Jim noted that when radios die or become obsolete, they need to be replaced. Overall, the department budget is at 55.7% spent year to date.
- **Building Inspector** - No comments
- **Emergency Management** - Jim said the Emergency Management Plan has been accepted by the Town and since forwarded to the NH State Homeland Security Office. Backup documentation is being worked towards a grant. Allan added that a required training session took place two days earlier. Alfred asked what the "Professional Services" line covered. Jim said it was for support with the Plan. So far, no money has been spent from that line. Payments, if any, will be done towards the end of the year. When Alfred asked why no money was shown as being spent in 2015, it became clear he had been viewing the "2015 Spent, 10/31/2015" column as budget spent for entire whole year.
- **Highway Department** - Mike asked about the "Paving" line which was only 25.9% spent. Jim and Allan both noted that there is work scheduled which will impact that line. Jonathan noted that "Supplies", budgeted at $31,000, was spent at $40,631. Allan said that supplies are as unpredictable as you can imagine. Martha said that parts and supplies sometimes intermingle. She noted that the "Parts" line, budgeted at $50,000, was only 50% spent. Allan gave an example, asking what a tire would be: A part or a supply? If he was buying a tire specifically for use only on the grader, then it was a part. If he was buying tires for any of the trucks, they were supplies. Alfred asked if the salt shed was full. Allan believed it was. Jim said the plans were to purchasing more winter sand and maybe a little bit more salt. Jim added that the gas and diesel expenses would be impacted by the number of storms. Allan added that he believed the diesel contract for the State is up for renewal. Jim the State DOT sent out a letter about dropping the State prices and going

with market prices. Mike said he read somewhere that towns are looking to buy gas on the open market. Allan said that causes a lot of extra bookkeeping work as the purchase slips have to be submitted and the fuel tax needs to be calculated. Jim said there is system in Town where the PD is buying from the Shell Station where they have a special billing system where the information goes up to the home office and no tax is charged. The system has been in use for several months. Irving provides the same service for Alfred and provide him a report at the end of the year with all of the different taxes broken out. Jim said for the PD, each car has a special Shell card. Mike wonders if Irving can do the same for diesel. [Shell does not offer diesel.]

- **Transfer Station** - Mike asked why the "Heat" line, budgeted at $2,800 only showed $670 spent. Kimberley noted that the winter had been unusually warm. Jim noted that the tank was topped up and has not been used. In the next two months, that could change. Martha added that in the tour, the committee was told that both oil furnace and the other furnace were working well.
- **Healthy & Welfare** - No comments
- **Parks & Recreation** - Mike asked about the ice skating rink. Allan said they were trying to cushion under the liner to protect it more. There was also talk about going straight to cement, but he didn't know what the final solution would be.
- **Library** - No comments
- **Conservation Commission** - No comments

Alfred inquired about the lease payments for the new grader. Jim answered that they will appear in the 2017 operating budget. The initial payment was raised from taxation. Jim said the lease payments will probably appear under "Equipment Rental". Kimberley suggested that a new line item could be created to differentiate from true rentals. Jim said he'd talk to the bookkeeper. The committee agreed it should be place in the Highway Department.

Jim talked about how the Highway Department had split out "overtime" to a separate line item. The Police Department will be doing the same thing for the 2017 budget.

Kimberley asked Jim if he was happy with how expenditures were progressing for the year. He said he was.

Jonathan reiterated the point that it would be great to get the spreadsheets well before a meeting, then offered his services to Jim to help figure out how to automate some of the paperwork. Jim said he would be happy to sit down and discuss it further. Tech savvy Jonathan admitted to being a geek; Kimberley noted she was a geekette.

## 7. Revenue

Estimated revenues for 2016, revised, were shown as $1,778,178. Actuals as of October 20, 2016 were $1,074,064.

Judy asked Jim about the "Motor Vehicle Permit Fees" line. Actuals YTD showed $388,480, which was 92.5% of the estimated $420,000. The revised 2016 estimate showed $493,480. Judy was not happy about the revised estimate and said she was comfortable an earlier revised estimate of $452,000. In September, the revenue was $374,000. For 9 months, that was an average of $41,555 per month. At that rate, 12 months would be $498,666. However, Judy believed $35,000 for the last three months of the year was closer to reality, bringing the annual revenue to 479,000. Jim had used the $388,480 number for January through September, then $35,000 for each of the remaining months, reaching $493,480.

The revised estimate of $1,778,178 had been submitted when setting the tax rate. Judy noted that her point was moot. Martha added that it's always a best guess. Sometimes it's a good one, sometimes not.

Allan asked why towns don't receive "Rooms & Meals Tax Distribution" revenue more than once a year. It is only received in December. Martha says DRA tells you what you are getting when the tax rate is set. The current estimate is $148,406. Martha noted that the NH fiscal year runs from July to July.

Alfred asked what is included in "Income From Departments". The answer was found on the second page of the

handout provided. Jim provided some examples including the sale of culverts, Police Dept special details and reports, and insurance rebates.

"Other Income", currently at $77,511.99 includes the $44,000 donation towards the roundabout provided by Market Basket.

Alfred asked where the State funds for the roundabout will be shown. Jim said it will be in the "3359 - Other State & Federal Grants & Revenue" line. Bartlett Loop money will also be on that line.

The fire department's grant towards air packs is not currently shown. Jim says it will have to be worked in. Martha said it will offset if Judy doesn't make the money; it just offsets each other at the end of year. The paperwork shows it being received and then going out.

Mike returned to "Income From Departments". On the main spreadsheet, a figure of $121,000 is shown. However, on the second page where explanations are found, there were no numbers against the income from department lines. Jim noted that he only provided the page two info to show what departments provide what income, but did not include the financial data.

Kimberley noted that the initial estimate for "Income From Departments" was $62,000. The actual YTD was $115,000 and the revised estimate was $121,000. She wondered what revenue came in to cause it to double. Jim suspected part of it was reimbursement, possibly an insurance reimbursement; sometimes surprises come in. Judy pointed out that within 3503-3509 there is a "Insurance Dividends & Reimbursements" line. Jim said he'd have to look at the detail.

## 8. Next Meeting

Since there was nothing on the agenda for the next two weeks, the committee would next meet on Thursday, November 10, 2016 at 7 pm at the Town Hall.

On that agenda:

- Warner Village Water Precinct
- Kearsarge Regional School District Reps

## 9. Adjournment

Mike adjourned the meeting at 8:59 pm.

Respectfully submitted,
Kimberley Brown Edelmann
Recording Secretary