



# Warner Municipal Budget Committee

Meeting Minutes  
Thursday, January 5, 2017

**APPROVED**

Chairman Mike Cutting opened the meeting at 7:02 pm.

Committee members in attendance:

- ◆ Mike Cutting - Chair
- ◆ Kimberley Edelmann - Vice Chair
- ◆ Allan Brown - Selectmen's Rep
- ◆ Alfred Hanson
- ◆ John Leavitt
- ◆ Jonathan Lord
- ◆ Martha Mical

Unable to attend:

- ◆ Pete Newman - Water precinct representative

Also present: Jim Bingham - Town Administrator, Clyde Carson, John Dabuliewicz, Marianne Howlett, Judy Newman-Rogers, Varick Proper, Barbara Annis

## **1. Meeting Minutes**

The minutes of December 15, 2016 were approved as submitted without modification.

## **2. The Agenda**

The agenda for the evening was to review a complete draft operating budget and the proposed warrant articles. Chairman Mike Cutting asked which the committee wanted to review first. Kimberley suggested warrant articles would probably go quickly, so to start there. The committee agreed.

## **3. Warrant Articles**

### **Article 3 - Municipal Solar Panel Array**

In summary: To raise and appropriate the total sum of \$338,530, \$64,935 to come as a Public Utilities Commission (PUC) rebate, \$10,000 for the first loan payment raise through taxation, and the balance of \$263,595 to come from a loan or long term financing. As this was Clyde's project, Mike asked Clyde to explain about the article.

Clyde said it was the same project presented last year in terms of array size, with some new numbers in terms of cost and rebates. The cost of the array was \$334,530 (down from the 2016 quote of \$345,870). On top of the that, \$4,000 would be used to pay for a Clerk of the Works. The rebate had been reduced from \$75,000 in 2016 to \$64,935. Total cost would be \$338,530, less than the \$367,870 projected cost in 2016.

The amount that would be financed was \$273,595. Clyde said he was looking at three potential finance options: Community Development Finance Authority (CDFA) at 2%, Sugar River Bank, and Lake Sunapee Savings. An application to CDFA was submitted at the end of December. The expectation was that the payments received from Eversource along with sale of the Solar Renewable Energy Certificates (SRECs) / "energy credits" would exceed the cost of the finance payments for the array.

Alfred asked for clarification of "energy credits". Clyde first explained that excess power generated by the array would be sold to Eversource at a predetermined rate. Next, based on the amount of power generated, there was a market to sell "energy credits", with sales handled through an agent. Clyde heard the best place to sell SRECs was in Massachusetts.

Martha asked if Eversource was charging 13 cents per kilowatt hour, would Warner be selling power 13 cents. Clyde said there was a guaranteed rate; he believed it was the same as what Warner was being charged. Kimberley said that was not what she had heard when she received a quote for an array. Clyde noted there could be a difference between commercial and residential.

Clyde shared stats of the electricity consumed through 14 meters in Town in 2016 and 2015. He noted that the usage in 2016 (134,886 kWh) was 11% less than in 2015 (151,573 kWh). This may have been due to energy conservation efforts. However, the cost of electricity increased by about 11% and the total charges for the two years were nearly the same. The assumption was that the cost of electricity would continue to increase.

Clyde said as the cost of electricity increases, so would the reimbursement rate. The only thing that wouldn't change was the cost of the solar array. Within 12 years, the array would be paid off and all electricity after that would basically be free.

Martha said the electric bills would still need to be paid. Clyde said the Town would get reimbursed at the same rate. There would be a delay when reimbursements first begin. After that, checks would be received each month.

Alfred asked for clarification regarding savings in the first year; he recalled it being around \$4,000. He wondered if the savings from switching to LED's was similar to the savings of \$4,000. He asked Clyde to describe the benefit of the array in the long term and where the savings really were. Alfred wanted to hear a description of reality 20 years down the line.

Clyde said the 100kW array would produce power which Eversource would buy. Continued reduction of electricity consumption would not impact that. Energy savings would continue while power was pumped back into the grid, power which Eversource would buy from Warner.

Jim Bingham said that if the array was not built, the Town would still have to pay for electricity. If the array was built, revenue from it would offset those costs and go into the Unassigned Fund Balance.

Alfred's concern was where things would be in 5 years; it was an unknown. Clyde explained that electricity costs would continue to go up. Alfred said there were alternatives that may come along. Clyde said the Town was positioning itself for free electricity.

John said he was opposed to the array last year as Eversource was going to buy electricity at a lower rate than Warner was paying for it. Tonight, it sounded like the buy and sell price would be the same. Clyde noted that there would still be a demand charge to pay. Mike recalled that last year, the cost per kWh was somewhere around 13 cents, whereas the buy back price was around 9 cents. John added that the numbers could change.

Martha asked if there was a written agreement with prices on it yet. Clyde said the rate was 11.89 cents per kWh. He assumed that this was the rate for both paying and reimbursement.

Mike and Kimberley both suggested that the numbers needed to be clear by Town Meeting. Kimberley suggested showing a 15 year financial model.

Alfred expressed concern that Eversource might change the numbers after the Town votes to go forward. Martha

noted that even if Eversource buys at 9 cents, the array would still offset costs. Alfred was also concerned that the 2% bank loan may be fixed, but the cost to Warner could still change overall. He was concerned about how it would look 5 or 6 years down the road.

Judy Newman-Rogers said that at another meeting, John (*Leavitt?*) helped clarify things for her. When meters ran backwards at a home, people got a credit at the same rate which they buy power. But for the Town, it sounded like the Town would sell electricity at less than they purchase it. Even so, energy credits would make up for the difference. Mike said it depends on the rates for buying and selling; if they don't change by a lot. Judy noted continuing to reduce electricity consumption would certainly help, while the SRECs would continue to bring in revenue.

Alfred recalled that Mike had brought up the street lighting issue in an earlier meeting. Street lights were dropped, but they still cost more because the cost of electricity continued to increase. He felt Eversource would continue to hike rates to get their money. He wanted commitment from Eversource about the numbers.

John Dabuliewicz noted that there are other reasons, besides financial, to have a solar array. It would help reduce greenhouse gases; there was no dollar value on that. Yes, the bond had to be paid. All capital investments had a cost.

John Leavitt had a theory about why electricity rates continue to go up. He believed it's because of EPA regulations; cutting down on coal, cutting back on fossil fuels, making it expensive for electric companies to produce electricity. He said with the new administration coming in, they're talking about cutting back on the aggressive regulations and opening up coal again. He felt there was a strong possibility electric rates would drop in the next few years.

Clyde pointed out that in New England, electricity was more expensive. The nuclear power plants were going off line. John Leavitt said the region's power was being generated from coal; that's why the costs are going up.

John said, "Last year we spent \$18,000 to save \$4,500 a year, which was what the solar array was projected to save last year. That would be lowered as we'd be using less electricity now. So, savings every year at today's rate will be lower. The payoff will go further up."

Martha and Mike felt the savings would be higher, because the array was still going to produce 100Kw. That was what you get paid for. If you use less power, there would be more surplus electricity to sell.

John suggested the solar array should be resized to match what the Town uses. Clyde pointed out that 100Kw is the maximum size the Town can do and that it will produce revenue.

Alfred asked Clyde where Warner would be in 10 years time in terms of electricity. Clyde said that in 12 years time, the array would be paid off. Any electricity being used would be produced by the array. All of the unused electricity would be bought by Eversource.

John Dabuliewicz noted that we were moving closer and closer to a distributed electricity system and the solar array would be part of it.

#### **Article 4 - Operating Budget**

Mike recommended passing over this until the discussion about the budget later in the meeting.

#### **Article 5 - Property Reval**

The article requests that \$20,000 be added to the Property Reval Capital Reserve Fund (CRF). There were no questions nor discussion.

## **Article 6 - Employees Expendable Health Trust Fund**

The article, as written in the draft reads as follows:

*Shall the Town vote to raise and appropriate \$7,000.00 (Seven Thousand Dollars) to be placed in the previously established Employees Expendable Health Trust Fund? This Fund is used to partially reimburse participating town employees with approved out of pocket and deductible health expenses.*

Martha asked what happens if some employees use up the fund before others can make use of it. Allan said the Board of Selectmen would have to make the decision about where to find additional funds. Martha said the fund was put together to help pay everyone's deductibles; but felt there was a chance it could be depleted by other claims.

Jim said the previous health care plan allowed for unlimited chiropractic care. The new plan limited it to 12 visits per year. Some employees may want to have more than 12 visits. Jim told employees they needed to find out ahead of time what the out of pocket expense would be per visit after the initial 12. He said he had not heard back from anyone yet. Next, the Board needed to discuss what was feasible in terms of the fund. Maybe deductibles would need to move to the front of the line....

Alfred said there was \$3,400 left over from 2016. He noted that employees were contributing more to the insurance and deductibles were reimbursed by the Town. Jim said the plan was already in place when he came on board. Martha said it was in place when Laura Buono, the previous Town Administrator, had joined. With larger deductibles covered by the Town, the Town had been able to have a less expensive insurance plan without a loss of benefits. The program had saved the Town money and it had been good for employees.

Clyde said the first year the Town did this, they compared plans with different deductible levels. Forcing the employees to take a higher deductible so that the Town could have a lower cost insurance plan didn't seem fair. And so the trust fund was created.

Alfred said he wanted to see the numbers. He wanted to see that the money put into the fund was less than what the Town was saving in insurance premiums. He wanted a better understanding of the numbers.

Martha said that in 2016, the health program was up 18%. About \$40,000. The deductible was \$1,000. In 2017, they changed carriers and saved \$40,000, \$7,000 of which would be added to the fund. \$33,000 was saved.

Judy said the employees got a lesser policy, expenses were higher, the co-pays were higher, the prescriptions were higher, but the Town saved \$33,000. The trust fund was set up to pay 50% of deductibles, but nothing else. Could it be changed? And what was "out of pocket"?

Jim said they were looking into seeing if it was feasible to cover some limitations of the new plan, such as the chiropractic. Jim had asked employees to find out what their chiropractors would charge for uninsured work.

John D noted this was still the first draft. Last year, it was just about deductibles. He said the Board of Selectmen were still trying to figure out what else to cover. The definition of the fund may need to be changed.

## **Article 7 - Police Vehicles**

\$25,000 towards police cruisers. This would put the PD back on track in terms of building their CRF towards purchase of their next cruiser.

## **Article 8 - New Fire Station Construction**

The article as written in the draft presented was as follows:

*"Shall the Town vote to raise and appropriate the sum of \$150,000 to be added to the previously established New Fire Station Construction Capital Reserve Fund? Of this amount \$10,000 is to come from the General Fund (unassigned fund balance) and the balance amount to be raised through taxation."*

Allan Brown, Chair of the Fire Station Building Review Committee, spoke about this article. He said that at the next meeting, Anthony Mento, the Program Manager from SMP Architects, would come to share more information with the committee.

Allan also noted he had contacted a landscaper for the project and would be meeting with him tomorrow.

Allan said at that point, he was leaning more towards requesting \$180,000 for the 2017 warrant article.

Alfred asked for clarification about the phases of the whole project.

Allan said that Phase 1 was about the conceptual, with some pictures provided by SMP Architects of what it might look like. The Construction Manager would not be charging anything in Phase 1. In Phase 2, the Construction Manager would be charging about \$10,500. It would be covered by this article, as well as architectural engineering fee, and some of the civil engineering work. In Phase 3, construction, the Construction Management fee would come into play as well as other fees.

Alfred asked if the funds for Phase 1 were in place. Allan said they were. Alfred asked with \$48,000 in the CRF at the moment, how much would be left after paying for Phase 1? Jim said it would be down to about \$10,000. Alfred noted that adding \$150,000 to the CRF would not cover the \$180,000 Allan believed would be needed. Allan confirmed that when the final figures came in, they might need to update the warrant article.

In response to another question about the phases and costs, Jim noted that it was already 8 pm and there was much more to cover. He recommended holding questions about the new fire station until the next meeting. Anthony Mento would be there and would be able to provide more information.

## **Article 9 - Fire and Rescue Vehicle**

The article requests \$90,000 to be added to the CRF. No questions nor discussion followed.

## **Article 10 - Fire Equipment**

The article requests \$10,000 to be added to the CRF. A grant for air packs was received recently. Additional equipment needed includes gear.

Alfred wanted to know if the equipment would be for the new fire station. Kimberley noted it was equipment that would not be thrown out when the department moved to the new station. Martha added "and it won't stay at the old station".

## **Article 11 - Highway Road Construction**

\$100,000 is proposed to be added to the CRF.

There are no big projects planned for 2017; nothing that requires engineering or contracting out. Allan said the next big project for Warner was pushed out a couple years.

## **Article 12 - Highway Equipment**

The article requests \$100,000 be added to the fund. Mike said a truck would need to be replaced in a couple years.

## **Article 13 - Bridge Repair / Replacement**

The article requests \$20,000 be added to the CRF. No discussion followed.

## **Article 14 - DPW Facilities Improvement**

The article requests \$25,000 be added to the fund. Mike asked what this would cover. Martha said it was for sprinklers.

## **Article 15 - Preservation of Town Records.**

Mike noted that the \$10,000 being requested was for record preservation only.

## **Article 16 - Contingency Fund**

The article as written follows:

*"Shall the Town vote to 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 the fund? This sum is to come from the General Fund. Any appropriation left in the fund at the end of the year will lapse to the General Fund."*

Mike asked why Article 10 would come from the General Fund. Martha reminded him it was the law.

Martha asked if the amount can be changed, instead of \$10,000. Jim said it could.

*Secretary's note: For those interested, here is the NH Statute.*

**31:98-a Contingency Fund.** – *Every town annually by an article separate from the budget and all other articles in the warrant may establish a contingency fund to meet the cost of unanticipated expenses that may arise during the year. Such fund shall not exceed one per cent of the amount appropriated by the town for town purposes during the preceding year excluding capital expenditures and the amortization of debt. A detailed report of all expenditures from the contingency fund shall be made annually by the selectmen and published with their report.*

John Leavitt said his suggestion earlier was to cut the operating budget and increase the contingency fund by the same amount. His concern was that this may not pass, but he felt there was no reason why it (the contingency fund article) couldn't come before the operating budget.

Martha noted that at the Selectmen's meeting, they had cut some of the budget with the idea that they could use the contingency, but that it was already half used.

John L said since the 2016 budget was going to have a \$50,000 - 75,000 surplus, that money could be used in the 2017 contingency fund and the 2017 budget could be cut by the same amount. Kimberley asked where he would cut the budget. John said he could find \$50,000.

Kimberley said that \$75,000 left over from a \$3,000,000 budget was very tight.

Clyde agreed with both views. He felt they were trying out the theory a bit. He added that regarding the surplus, it only takes one little problem to use up the whole budget.

Jim asked John and the budget committee why there was a problem to have a surplus at the end of the year. Did the committee expect every penny to be spent? John said if there was a surplus of \$50 - 75K every year, there was no incentive for departments to limit their expenditures. If the money was in a contingency fund, there would be different rules. The board could use the money as they saw fit, but they would have to report it.

Mike said that \$50,000 was only 1.6% of the budget. He said most companies would love to be able to plan in advance a year's budget that closely. Mike added that the \$50,000 goes back into the General Fund and can be used to offset taxes; it does not simply evaporate.

John said the surplus could get spent.

Mike shared that at one time, the mentality in Town was to spend every dime. Otherwise, the budget committee would reduce the budgets for the following year. It drove the wrong behavior. He would not want to see that mentality return. John agreed.

John said the contingency fund set at the same amount as the amount by which the operating budget was cut would mean the money was there. It doesn't change anything except that its use would have to be reported and recorded.

Kimberley asked John what problem he was trying to solve. John said it's the surplus being spent just because it's there. He knows that money was being spent simply because there was a surplus. Otherwise, they would not spend it. But if there were a contingency fund, at least the public would know why it was being spent.

Jim said in Warner, he had not seen any department head spend every penny just because it was there. The fact that there was a surplus was testimony that the mindset to spend every penny wasn't there. The Town budgets for full staff. The Town budgets for worse case scenarios, such as bad weather. There was a surplus because the Town spent what it needed to spend.

John said he wanted the surplus from one year to be put in the next year's contingency fund. He wanted explanations for how the contingency money was spent.

Martha said she suspected John was concerned about encumbrances; where money from the end of the year was used for something that had not been talked about. The only example she could think of was the street sweeper. It was a good idea to purchase, and was purchased using funds in a Capital Reserve Fund. She added that it was not actually encumbered. Allan noted that a purchase of a street sweeper had been discussed for a long time in the CIP before it was purchased.

Jim asked if there was anything that was bought through surplus or encumbrances which had not been discussed by the Board of Selectman. Marianne said the new siding of the police department was paid for with encumbered money, but had not been mentioned. Allan said it was done in a meeting. To Marianne's knowledge, it was not mentioned as more than a wish before then.

Allan said it sounded like people were saying the Selectmen could not expend money.

Alfred addressed Allan directly, "There are people in this Town that ask questions. 'We always used to do this. We always used to do that.' Have you explained that to them? No, you haven't. When you voted on trucks. When you voted on equipment. When you voted on this. People ask us all the time. The problem is that you don't want to listen to what we are trying to say. It would be a great way to explain the actions of your office. Very simple. No one is taking any authority away. We're just asking for you to explain."

Allan wanted to know what the Selectmen have done..... Marianne said the purchase of the first fire station site was a good example.

Alfred said it was hard to explain. What John is trying to do.... Martha finished for him and said it's better public

relations. Alfred said what it brings was more people coming to the Town Hall, because they felt their vote doesn't matter. The problem was that they weren't getting the information they needed.

Kimberley noted the discussion had become very heated.

She said she hadn't heard any other suggestions, other than stripping down budgets, which were already very tight, and increasing the size of the contingency fund. She asked if anyone else had a suggestion. John said he came up with his solution; he wasn't going to offer a second one.

Kimberley said in the past, the budget committee had looked at a final draft budget and voted to reduce every department by \$5,000, \$10,000 or \$20,000. Then the department heads had to deal with the new numbers. John said that he wasn't talking about taking even one penny away from anyone's budgets. Kimberley said she heard him say he would trim the budgets and create a larger contingency fund, of the same amount. John said the money for the contingency fund would come from the General Fund, but then added the budgets would have to be cut at some point. But if the budgets were cut too much, then they would use money from the contingency fund. John said cutting the budgets would have to be done selectively; it would be irresponsible to just strip the budgets.

Alfred said there were numbers in the budget that no one can tell Jim exactly what they are, what they need. Jim had to make his best judgment.

### **Article 17 - Transfer Station Equipment**

The draft article was presented as follows:

*Shall the Town vote to raise and appropriate the sum of \$10,000 to be added to the previously established Transfer Station Equipment Capital Reserve Fund? This sum is to come from the General Fund and no amount needed to be raised through taxation.*

Jim explained that the Town was anticipating receipt of \$21,000 in the form of a refund. Of that, \$10,000 would be applied to this article.

Varick Proper asked where the refund was coming from. Jim and Allan explained it was from a fund that was closing in the solid waste district.

### **Article 18 - Library Building**

The article requests \$25,000. Martha asked how much had originally been requested. Jim answered \$28,223.

Mike asked if another budget was received. Kimberley said she had recently received an updated version, first in pdf format, than Excel. She said she would mail it out to everyone.

### **Article 19 - Fall Foliage Festival**

The draft article was presented as follows:

*"Shall the Town vote to raise and appropriate the sum of \$20,000 to assist the Warner Fall Foliage Festival Committee in paying for the cost of the site work on the new town parking area adjacent to the school? The owners have granted a permanent ROW easement to the Town to use this developed section of their property for additional parking as well as during the Fall Foliage Festival."*

Kimberley noted this was new to the committee.

Clyde said the Festival requested the assistance, after the work had already been done.

Allan said the request was for \$20,000, but Weaver Brothers said \$5,000 per year over 4 years would be fine. The total cost of the project was about \$32,000. Ray Martin was going to the School District to see if they would help pay for drainage work.

Jim said the work had turned out to be more complicated than originally expected. The good news was that the owners of the land, the Moore's, had offered an easement to the Town to use the land for additional parking. It could also be used by the Fall Foliage Festival. It cost more than expected, which was why the request for help had been made. At the time, the School had not agreed to provide financial assistance.

Kimberley asked who would be carrying the liability insurance. Allan said that would be the owner. Kimberley asked if the area would remain as dirt. Allan said it would.

John said the Festival could probably pay the bills, but that would reduce their ability to help others. And additional parking for the Town for only \$20,000 was a good deal. Allan pointed out that the parking lot was actually double, with a stone wall separating the areas. The Town can't build on the lot and can't put in a road.

Alfred said if the Festival could pay \$5,000 per year, why not? Clyde said the Board was still discussing it.

Mike asked if the Town could vote to expend \$5,000 per year for 4 years. Clyde said yes, but the vote would have to have more than a majority in favor.

#### **Article 20 - Veteran's Tax Credits**

The draft article presented was written as follows:

*Shall the Town vote to adopt RSA 72:28-b to expand the eligibility to receive the full veteran's tax credits that are currently granted by the town to all eligible veterans include active service members that meet the qualifications as stated in section IV of RSA 72:28?*

Mike asked what the impact would be. Martha said she did some math. So far, it was unknown how many veterans live in Warner. So instead, Paul Violette provided a veteran count of 338 for Warner by using the fact that 8.9% of the State population were veterans and calculating 8.9% of Warner's population. There are 115,500 veterans in New Hampshire. NH's population is 1,327,000.

Martha already knew that there were 140 veterans in Warner. The financial impact, if an additional 189 veterans signed up, would be 35 cents per \$1,000, or \$35 for every \$100,000 of a home valuation. She was shocked by this.

The change would address veterans who were enlisted in a few gaps which are not already covered. The 1950's was one. From 1975 through to 1990 was another. Jim said the first gap may not include many veterans, however the second gap was more likely to have many veterans. Speculation about the numbers continued.

Martha noted that for veteran's tax credits, veterans would have to apply by April 1st.

Kimberley asked if adoption of the RSA was optional. Martha said it was. Paul Violette would be speaking about the article at Town Meeting.

Barbara Annis said there was more to the law than written. Martha said the veterans eligible would have to meet the same qualifications: 90 days of active duty service and an honorable discharge; she would have to find out if a medical discharge is honorable or not.

#### **4. Operating Budget**

At 8:50 pm, the committee moved their attention to the operating budget.

Jim suggested the committee not view the budget line by line. Mike rolled with the suggestion and said that at the next meeting, Anthony Mento would be coming to talk about the fire station. Also, the consolidated operating and capital budgets would be viewed. And a discussion requested by John Leavitt was on the agenda. Mike asked the committee if they wanted to view the operating budget now or next week.

John L said the fire station discussion would probably take an hour or longer. Kimberley said Anthony didn't have an hour to give. She added that he would come well prepared.

Alfred asked if the budget would be changing much in the next week. Jim said the expenditures would be firmer. The 2017 amounts were not likely to change as the Board of Selectmen were happy with them.

Martha drew attention to line 7, "BOS - Temp Services" which showed \$1 for 2017. Jim said they were still looking for the best place to put the figure. Jim said the expenses incurred in 2016 went under line 93, "Land Use - Clerk Salary".

Martha next focused on line 68, "Assessing - Outside Services" which showed a request of \$12,000. She believed the Selectmen had reduced that by \$2,000 at their Tuesday night meeting. It was not reflected yet. Jim said he felt that reduction was not needed after all; money was found elsewhere. Martha asked where. Jim said it included P&R, overtime in the Finance Office, part time Police, and part time Transfer Station.

Alfred asked about the cemeteries and stone repairs. He asked how far the money provided so far went. Allan said stone restoration was done in 3 and a half cemeteries. He believed they had worked on 20 stones in Pumpkin Hill Cemetery. Alfred asked if anyone had a projection of what the total cost would be to repair stones. Allan had no figures. Kimberley suggested putting together an inventory, with priority of which stones needed attention first.

Kimberley noted that the 2016 budget was \$3,026,050 and that to date \$2,760,998 had been spent, leaving \$265,052 unspent. She asked Jim what he expected the unspent value would be after final entries were made. Jim said he anticipated \$80,000 to \$100,000 to be unspent from the operating budget.

Alfred asked about the Hopkinton Landfill Closure expense of \$26,000 which was slated to end in 2017. Jim said that from 2018 onwards, Warner would have to budget between \$6,000 and \$8,000 to help cover the costs of monitoring of the landfill.

Alfred asked about the Fire Pumpers which show Principal and Interest on different lines. Mike and Jim explained that one was more fixed while the other fluctuates.

Alfred asked Clyde how long the array bond would be. Clyde said he was looking at 12 year financing. However, other deals might be offered.

Jonathan asked Clyde if he knew the cost per \$1,000 of the array. Clyde said one should also look at the revenue. Roughly, the loan would be \$20,000 per year. Martha and Mike plugged in numbers. Mike said the cost was 7 cents per \$1,000 per year. Mike noted that would be offset by revenue.

John asked what line 8, "BOS - Professional Services", covers. Martha answered that it was the company to do wage studies. Mike asked if a contract had been signed yet. Allan said it had not.

John noted that line 217, "Highway - Labor - Building Supervisor Part Time", was set to \$0 and asked what it was. Jim answered that it was what the budget committee had requested. Mike asked if the 2016 numbers could be calculated. Jim said it was about 419 hours per year, which was just under 9 hours per week. Martha said Tim Allen said that was just work done by Mel.

John said that the increase year-to-year was always "skeptical" because the previous year usually had one time expenditures that were included; this year it happened to be the generator. He felt the 1.47, 1.4 or 1.3% increase was never accurate; it was usually higher when you take out the previous year's one time expenditures. Martha interjected that there were always one time expenditures in every budget. John just said he was just pointing it out.

Jim pointed out that the 1.47% increase was not about dollars spent. It was the increase from budget to budget. The actual spent figures, as John had pointed out earlier, can be \$75,000 or \$100,000 less.

Marianne Howlett in the audience asked about encumbered funds for Ed's department. Jim said there were two encumbrances planned at the time. They were \$24,128 for the Highway Department and \$1,656 for Emergency Management. Martha asked if they would be shown in the spent column for 2016. Jim said they would be listed separately.

Alfred asked if encumbered funds could be provided to someone else if the contract fell through. Allan and Mike both said no. The invoice would be from one company. It could not be transferred to another company just because the first company didn't provide the goods or service. Alfred asked what happens to the money if the deal falls through. It goes back into the General Fund.

Jim said the spent column will not be updated BEFORE the amounts are actually spent. That is why he was listing the encumbered numbers separately; for visibility before they are spent.

## **5. Next Meeting**

The next meeting was planned for Thursday, January 12 at 7 pm.

## **6. Adjournment**

The meeting was adjourned at 9:20 pm, after which budget committee members thanked Barbara Annis for the lovely homemade cookies!

Respectfully submitted,

Kimberley Brown Edelman  
Recording Secretary