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Alfred Hanson
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David Minton
Kimberley Edelman
Jonathan Lord, Selectman's Rep
Raymond Martin, Water Precinct Rep

TOWN OF WARNER Budget Committee

Meeting Minutes – APPROVED

January 28, 2021 7:00 PM

No physical location for this meeting; it was conducted via Zoom.

At 7:00 p.m., Chairman Michael Cutting called the meeting to order and read this preamble:

Good evening, as Chair of the Budget Committee, I am declaring that an emergency exists and I am invoking the provisions of RSA 91-A:2, III (b). Federal, state, and local officials have determined that gatherings of 10 or more people pose a substantial risk to our community in its continuing efforts to combat the spread of COVID-19. In concurring with their determination, I also find that this meeting is imperative to the continued operation of Town of Warner government and services, which are vital to public safety and confidence during this emergency. As such, this meeting will be conducted without a quorum of this body physically present in the same location.

At this time, I also welcome members of the public accessing this meeting remotely. Even though this meeting is being conducted in a unique manner under unusual circumstances, the usual rules of conduct and decorum apply. Any person found to be disrupting this meeting will be asked to cease the disruption. Should the disruptive behavior continue thereafter, that person will be removed from this meeting.

Please note that all votes that are taken during this meeting shall be done by roll call vote.

1 – ROLL CALL

ROLL CALL: Mike Cutting (Chairman); Martha Mical and Alfred Hansen, together and alone; Kimberley Edelman, alone; Martha Bodnarik, alone; Dave Minton, alone; Ray Martin (Warner Village Water Precinct Representative), alone; Jonathan Lord (Select Board's Representative), alone

Also present: Diane Ricciardelli (Town Administrator), Michele Courser (Town Clerk), Ed Mical (Emergency Management Director), Judy Newman-Rogers (Administrative Assistant to the Selectmen), John Leavitt, Sam Bower (Selectman), Clyde Carson (Selectman Chair), Kelly Henley (Bookkeeper), William Chandler (Police Chief), Sean Toomey (Fire Chief), Michael Simon, (Library Trustee), Nancy Ladd (Librarian), Tim Allen (Director of Public Works Department), Varick Proper (Transfer Station Foreman), Kristy Heath (Recording Secretary)

Chair Cutting said they would be reviewing the budget for the precinct and would allow for public comment. Anything not covered that evening would be carried over until the February 2, 2021 public hearing. Voting will happen by the Budget Committee at that point in time.

Chair Cutting opened the public hearing on the precinct budget and turned the meeting over to Ray Martin to explain any changes from the last meeting.

Ray said after some department review, it was decided to move a couple things around in different categories. The bottom line is the same as it was, at \$449,576 which is down from last year's budget by .63% (\$3,000). Savings were realized by a change in healthcare as well as a new employee where wages went down. Also, a discharge permit was not needed this year so they were able to save \$5,000.

There were no questions from the public or the committee regarding this budget.

Ray said the revenue portion has had some issues with water supply and sewer usage charges. He feels like they have it under control, finally. He thinks they are metering 500,000 less gallons per quarter, which is significant money. They are staying at about \$300,000 for revenue from sewer. For total revenues of \$450,207.

There were no questions from the public or the committee regarding this budget.

Chair Cutting closed the public hearing for the precinct budget and opened the public hearing for the operating budget.

Chair Cutting went department by department. If there were any questions, individuals were encouraged to speak up.

There were no questions from the public or the committee on the Board of Selectmen's budget, Elections, Finance, Tax Collector, Treasurer, Town Clerk, Trustee of the Trust Fund, Assessing, Legal, Benefits, Land Use, Town Hall, Warner Community Center, Old Fire Station, Cemeteries/American Legion, Insurance, Central New Hampshire Regional Planning Commission (CNHRPC), Police Department, Fire Department, Ambulance, Building Inspector, Emergency Management, Highway Department (schedule of projects forthcoming), Lighting, Transfer Station, Health and Welfare, Parks and Recreation, Library, Memorial Day, Conservation Commission, Fire Truck Principal, Fire Station Building Principal, Solar Array Bond Principal, Fire Truck Interest, Solar Array Bond Interest, Fire Station Building Interest, and Hopkinton Landfill Closure (the closure cost was an estimate).

Chair Cutting asked Diane to check with the Town of Hopkinton to see if the closure amount is \$7,000 as they have only spent about \$4,000 in 2020. Diane agreed to do so and would have that information for the next meeting.

The total operating budget: \$3,527,206.68.

There were no questions from the public or the committee regarding this budget.

The public hearing portion of the operating budget was closed.

Chair Cutting opened the public hearing for the capital budget.

Martha Bodnarik asked to see a breakdown of the Capital Reserve Fund Balance sheet. This sheet was shared.

Martha Bodnarik asked if the Town Hall Building Improvement and the DPW Facility Improvements is for the sprinkler system. Chair Cutting said it was. Chief Toomey said they are still working on this with the contractor. This project started five or six years ago. Tim Allen said

all the contractor has been paid for so far are the hydrant tests. The engineering and design work was a percentage of the total cost of the project. They received a bill for it but it has not been paid. Mr. Allen said he told the contractor that he would be paid when they get the plans in hand. Martha Bodnarik thought some of the funds they are holding on to for fire suppression for the town hall should be used at the DPW. Mr. Carson said this money could not be moved to another line.

John Leavitt asked what the remaining \$27,000 in the Town Hall Building Improvement fund would be used for. Mr. Carson said that it is to pay for the remainder of the sprinkler system of which other funds had been withdrawn and reserved for. These funds have been encumbered and Mr. Carson said he wasn't sure where it sits in the budget. Ms. Bodnarik didn't think this made for clarity for the public. It should be clear where the funds sit for these things.

Chair Cutting asked where the funds for the sprinkler system were in the budget and how much. Diane said she would review the Selectmen's past minutes to find these details.

Chair Cutting went through each line in the Capital Reserve Fund Balance sheet, which he received earlier that day.

There was some discussion about funds for the sprinkler system. Some funds were encumbered from 2020. Tim Allen said that some funds were used to fix a water line issue inside the Town Hall. Chair Cutting said funds cannot be encumbered for three years, so what has been encumbered in this account must be spent in 2021.

There was some discussion about the contract for the sprinkler system, the project seems to be taking a long time. Chair Cutting worried about the contractor asking for more money to complete the job due to an increase in materials and other things. He also wondered how quickly the work would be done, considering how long it has taken to get plans in place. Clyde said that the contractor has a small operation and had a good price, which is why they went with him.

Kimberley wanted to clarify the Town Hall Building Improvements fund. This fund was created in 2008 and was not specifically created for the sprinkler system; she believed the sprinkler system project came after 2008.

Chair Cutting moved to the capital budgets. (Note: Articles 1-4 will be voted on by ballot on election day, March 9, Tuesday, prior to the business portion of the Town Meeting)

Warrant Article 5: Operating Budget – There were no questions.

Warrant Article 6: Property Revaluation Capital Reserve Fund – There were no questions.

Warrant Article 7: Employee Expendable Health Trust Fund – Martha Bodnarik asked how many town employees participate in the health insurance offered by the town. Diane said 16 employees use the town's health insurance. There were no other questions.

Warrant Article 8: Contingency Fund for unanticipated expenses. There were no questions.

Warrant Article 9: Police Department Vehicle Capital Reserve Fund. There were no questions.

Warrant Article 10: Fire Department Vehicle Capital Reserve Fund. There were no questions.

Warrant Article 11: Firefighter Equipment Capital Reserve Fund. There were no questions.

Warrant Article 12 Highway Road Construction Capital Reserve Fund. There were no questions.

Warrant Article 13: Highway Equipment Capital Reserve Fund. There were no questions.

Warrant Article 14: Bridge Repair/Replacement Capital Reserve Fund. There were no questions.

Warrant Article 15: Preservation of Town Records Capital Reserve Fund. Martha Bodnarik said there is a balance of \$33,000 in this fund. Is this because of falling behind due to the pandemic? Michele Courser said they will be spending this on shelving this year. Kimberley said last year the town voted to put an additional \$10,000 in it and over \$16,000 was expended.

Warrant Article 16: Library Building Renovation and Repair Capital Reserve Fund. There were no questions.

Warrant Article 17: Transfer Station Facilities Capital Reserve Fund. This is a new fund that is being established. Martha Mical said there is a note about the wording on the sheet. Diane said the wording has been checked by the New Hampshire Department of Revenue Administration (DRA) and is fine.

Warrant Article 18: Kearsarge Mountain Road Alternate Route Project Capital Reserve Fund: Mr. Hansen asked if these funds would be expended this year. Ed Mical said that he hoped to if the Selectmen decide to move forward.

Warrant Article 19: Transportation Improvement Capital Reserve Fund: There were no questions.

Mr. Leavitt asked why they are spending over \$200,000 on sidewalks when there seem to be more important projects going on in town for which the funds could be used. Mr. Carson said maybe they may be able to get a grant for the alternate route project. It is an 80/20 match. Mr. Leavitt said he didn't think the money should be spent. Mr. Carson said they have to put in their letter of intent by February 5, 2021 to apply for the grant.

Alfred Hansen asked if there is enough money in the capital reserve if they get the commitment. Clyde said they would have their 20% match for this year. There are alternatives for the following year if necessary.

There were no other questions on warrant articles. Chair Cutting closed the public hearing on the capital budget. He opened the public hearing for revenues.

Chair Cutting said the projected totals are \$1,086,901. They always try to project a conservative amount.

Mr. Leavitt said there is no total revenue for the solar array distribution line. Chair Cutting said that it shows in line #57 for 2019. He anticipated getting the total for 2020 from Diane later in the week. Kelly explained that the revenue for the solar array actually goes into a revolving account and the funds no longer contribute to the tax revenue. This was from a vote at town meeting last year. Mr. Carson said the fund was set up to pay for electrical costs.

Ms. Bodnarik said the fund was created initially to pay off the bond for the solar array. After that is paid off, it can be used to pay for other electrical costs. She said that an expense is listed for the solar array bond and interest. If the funds coming in can't count as revenue, it will be hard to balance the reports.

Kelly said the payments for the bond are paid from the general fund. Funds can be transferred to offset those expenses. Ms. Bodnarik opined that this is not good accounting. Mr. Carson said the revenues should be an added item on this report. Ms. Bodnarik said if they will continue handling this account in this way, she would raise at public meeting that they should rescind their vote from last year about the revolving account. Mr. Carson said they should ask DRA

about how this revenue is reflected. He didn't appreciate the suggestion that the Selectmen were trying to hide funds. Ms. Bodnarik said she couldn't put her name on a budget that she didn't feel comfortable with.

Ms. Bodnarik said the town was told that the solar array project would be paid off in 10 years. After that time, they understood that they would be getting free energy. It shouldn't be a surprise to anyone that the savings wouldn't cover the cost of the array just yet. Ray Martin said currently, they are breaking even with the array at the Water Precinct. In about 15 years they will be seeing a significant savings and the array should last 50 years.

Ms. Bodnarik said that the money came into the revolving fund but the expenditures were made from the general fund. All expenses for the array should be paid for from the revolving fund. Diane said that she would talk with DRA to find out why this way of budgeting was suggested to the town. She recalls having this discussion with them last year; there was a reason.

[NOTE: Diane contacted the DRA after the meeting and said that they are correctly recording the Solar Array expense and revenue:

III. All appropriations recommended shall be stipulated on a "gross" basis, showing anticipated revenues from all sources, including grants, gifts, bequests, and bond issues, which shall be shown as offsetting revenues to appropriations affected. The budget shall be prepared according to rules adopted by the commissioner of revenue administration under RSA 541-A, relative to the required forms and information to be submitted for recommended appropriations and anticipated revenues for each town or district.]

In summary, Chair Cutting proceeded:

The sum of \$3,527,207 is figured for the operating budget, which is an increase of 1.61%.

The sum of \$635,500 is figured for the capital budget, which is an increase of 7.33%.

The total budget is \$4,162,707, which is an increase of 2.44% over 2020's budget.

Using a tax calculator, Chair Cutting estimated that the tax rate, considering the offset due to fund surplus, is a \$0.75 increase or 7.44%. This is roughly \$9.60/thousand, which is very close to where they are currently.

There were no comments so Chair Cutting continued the public hearing until Tuesday, February 2, 2021 at 7pm.

Adjournment

A motion was made by Ray Martin and seconded by Kimberley Edelman to adjourn.

THE MOTION PASSED.

The meeting adjourned at 8:55pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of Warner