



**Town of Warner**

**Budget Committee**

**APPROVED - Meeting Minutes**

**January 20, 2022 7:00 PM**

At 7:05 p.m., Chairman Michael Cutting called the meeting to order and took the roll.

**1 – Roll Call**

Mike Cutting (Chairman); Aarika Reynolds, Dave Minton, Christine Frost (Select Board Representative), Michelle Kendrick, Ray Martin, Robert Blake

Attending by zoom: Town Administrator, Diane Ricciardelli, Administrative Assistant to Select Board, Judy Newman-Rogers, Kimberley Edelman, Police Chief Chandler

Absent:

Also Present: Clyde Carson (Select Board Chair), John Leavitt, Tim Allen, Nancy Ladd

**2 – Minutes**

*Minutes of January 13, 2022*

Meeting minutes will reviewed at the next meeting.

**3 – Water District Presentation**

Ray Martin said the budget was presented initially in October. Nothing has changed except for updated actual numbers for what was spent in 2021. They were estimated in September and early October. The only other change was for a grant/loan for \$1,798,000 to complete their proposed groundwater discharge project they've been working on for year. They are getting \$1.1 million for a loan and they have received over \$600,000. The operating budget is \$491,000 which is up 25%. Their major increases this year are attributed to the retirement from the state, which was increased the district's share of their two retired people. This increased 25%. Concord also treats some of their sluice. The way they changed how they do it in Concord has increased the cost by 50%. The price of chemicals has gone up as well. The overall budget is \$16,680 more than last year which reflects these three things.

Ray said he would go through the whole budget if the committee wished. Very little has changed; he has just updated the numbers. Ray noted that their contract with Concord will be coming to an end this year and they will look at another vendor. He was hoping that they could get a better price.

Dave Minton asked about revenue. It looked like the water and sewer rates are going down. He asked if the rates would be changed. Ray said they haven't changed the rates since 2016. They are thinking of perhaps raising the rates but they are trying to figure out why the rates went down. About 20-25 houses in the precinct changed hand in the 18-20 months, generally increasing usage.

Ray said Article 3 and 4 will need to be recommended or not recommended by the Budget Committee. Tuesday March 15<sup>th</sup> will be voting day. Chair Cutting said they would discuss the recommendations at a later meeting.

Judy Newman-Rogers asked Ray what employees got for increases if they got one at all. Ray said 3%.

There were no further questions for Ray.

#### **4 – Operating Budget**

Chair Cutting said he had recently sent an updated operating budget with recent expenditures. The budget is at \$3,675,514 which is an \$151,307 increase from the budget of 2021. It shows the new expenditures that they've made some corrections on. They went through this budget last week piece by piece. Diane said she has made some journal entries. She also met with the consultants and found that NH Retirement payments had been made but hadn't been booked. She said as of 3:30pm they have everything in there that should be. Diane said she would like to go through the budget again the next day with the consultant to be sure before closing the books. She agreed that they spent 95% of the budget. There is a little over \$159,000 surplus that will be returned to the taxpayers.

Michelle Kendrick asked about the tractor purchased from the operating budget. She wondered why it was purchased this way instead of from the capital budget. Tim Allen said it was the Selectmen's decision. They had \$11,000 in a rental line that they weren't going to use, and Chair Carson suggested the funds come from that account. Clyde Carson said the tractor was an unexpected expenditure and they had the money available in the operating budget. Using those funds allowed them to stay on track with the other items they had in the capital budget.

John Leavitt said the \$151,000 increase in the budget might be easier to understand if they knew the increase in wages. Chair Cutting explained there was a 4.2% increase in COLA and a 2% merit raise pool that the departments are allowed to use for their employees to be spent how they feel is appropriate. Mr. Leavitt said he would like it broken down as an amount. Diane said she would work on this during the meeting. John said the public may like to know this number. Chair Cutting and Diane agreed.

There were no further questions on the Operating Budget.

#### **5 – Revenue**

There is a revenue total of \$1,317,799. The revenue from the solar array was \$18,712.44. The expenses were roughly \$29,000. John Leavitt wondered what the projection was for revenue

from the solar array in 2022. Clyde Carson said when Eversource raises the retail rate, the town will be reimbursed at that rate. They anticipate a 4% increase in electric power cost per year. He thinks they are more than exceeding this right now. Expenses are not the cost of the electricity for the town, it is the cost for the note on the solar array. This is already in the budget. When asked, Clyde said they are net metering. Most of their power goes right back into the grid. The array is meeting or exceeding the electric generation that was predicted. The note was for 12 years. Robert noted that the array will likely last for 25 years.

Ray said that he has found that the array at the sewer department has been about the same every year. The basic production stays about the same.

Robert Blake said that it looked like the town was very conservative when projecting their revenues. Chair Cutting said that they do this on purpose so as to not get themselves "in a hole." They come out better than anticipated each year by remaining conservative.

Michelle asked about the grant for emergency management. Chair Cutting said that was corrected in their operating budget sheet. The increase was \$1,000.

At this point in the meeting, Diane said she had calculated the total increase in wages: \$55,149. She took the proposed budget minus the 2021 budget for wages and this was the difference and will check this the following day.

## **5 – Warrant Articles**

Chair Cutting said one of the things the Selectmen did that week was to take a number of the warrant articles to be raised by taxation, to be applied by surplus. He said it is all the same money, it just depends on which pocket it is taken out of. This surplus won't be applied to the tax rate in October if it is used now. Clyde said that not only were they able to apply some of the surplus to lower taxes, but they have had the most surplus they've had in over a decade. They felt they had enough to put some into capital. If they get more in revenue, they may be able to apply more to taxes. Ray said the money can be used now or later, either way will benefit the taxpayer.

Chair Cutting went through the warrant articles.

Article 6. Construction loan project to raise \$2,615 through taxation including bonds or notes. Clyde noted the Town has talked with Sugar River Bank who is offering a good rate on a 10-year note.

Aarika asked if there was a timeline for getting the projects completed. The costs of construction keep going up, so will they be taking out enough funds? Clyde said the work is being put together into a package so hopefully a construction company will bid on it to lock in a price, once the final prices per project are negotiated.

Tim said it will take most of 2022 to get the bid process going and attain permits. He thought there would be a fair savings by having someone come to town and do as much work as possible while they are already here. Otherwise, it can take up to three years to get a project going with a contractor. This has got to be a better way to do it. He added that the more "shovel-ready" projects they have ready to go, the more funding they can get by federal or state grants. Tim felt that the right contractor could get all six projects completed within two years once all the preparation is done.

Christine said generally if a town has expended the funds for a project, they won't help to pay down debt, but for the projects that have not yet been expended, they can award funds.

Clyde noted that years down the road, it may be favorable to refinance the note and add more projects to it. Christine said that the maintenance costs will continue, this note is for construction projects only. Tim said that these projects are to finish unfinished projects. If those are done, they will be able to do more maintenance things. In five or six years they may be able to look at their town and see if there are any other projects they could add to the note to refinance and get more work done in this manner.

Kimberley said she didn't think the specific projects should be listed in the warrant. However, people will be asking if they will be building the new road off of Kearsarge Mountain Road. He should be prepared to speak on this. Tim said in his mind, the taxpayers need something tangible to hang on to in order to understand what they are trying to do with the money. Chair Cutting said he would suggest not putting the specific projects into the Warrant Article as they will be held to DRA's timeline. Clyde said that this was the Selectmen's first draft, they still need to adjust the language.

Regarding Article 6: John Leavitt said he thinks it is a great idea but the language was off. It currently sounds like they want to raise \$2.6 million through taxation **and** to authorize the selectmen to take out a \$2.6 million loan. Ray Martin agreed. He said the first sentence should say "to expend \$2.6 million." Diane said DRA has only reviewed a couple of the warrant articles with wording changes. They are short-staffed and have not looked at these articles yet. She will go over this with them to make sure the wording is right.

Regarding Article 7: there were no questions.

Regarding Article 8: there were no questions.

Regarding Article 9: there were no questions.

Regarding Article 10: Chief Chandler said they just took delivery of a 2021 sedan that came late because of Covid. They are scheduled to replace another one in 2023. In the balance of the capital reserve is \$49,434 and there is still \$13,000 to come out of that for the cruiser they have purchased. It will bring the total down to \$36,303. If they get the \$15,000 funding from this warrant article in 2022, that will bring their balance to \$53,307. The all-wheel drive vehicles they are transitioning to went up between \$3,000 and \$4,000 putting the new replacement to about \$40,000. This includes the equipment and striping.

Regarding Article 11: Tim Allen said that generally, his requests are cut down by about \$50,000. He explained projects that need to be completed. The \$125,000 would get the balance brought back up to be able to work on them. There is a multi-plate project on Schoodac Road that this money would likely be spent on.

Mr. Mical asked where the funding would come from to do the Red Chimney project. Tim said it would come from the Bridge Fund, Road Construction Fund, and \$200,000 is the grant, plus the match from the Town, labor included. Most of the design work for that project came from the Bridge Fund. The two remaining culverts still need the design work to be done which will come from the Bridge Fund. The \$125,000 will definitely give the Capital Reserve Fund a shot in the arm.

Regarding Article 12: If Article 6 passes, this article will be passed over. If Article 6 does not pass, they will ask that Article 12 be passed. Diane would check with DRA on the current wording.

Chair Cutting said he has never been in favor of loans and bonds, but rather paying as you go. But now he sees that the town cannot afford to do it this way. A nice way to look at using a bond is that the people who move here within the next several years can help pay for these projects. The costs aren't only on the shoulders of the people here at that moment.

Regarding Article 13: Tim would like to get to work on buying the single axle dump truck. This will replace the 2004 Mac.

Regarding Article 14: Christine said this is for Varick's project for a feasibility study. The regulations say three quotes need to be obtained. Mr. Leavitt thought \$10,000 was pretty insufficient for what is actually needed at the transfer station. They should start thinking about the transfer station instead of a \$110,000 skateboard park of a \$1 million-dollar sidewalk. He feels that they need to prioritize what their needs are. The transfer station is used by just about everyone in the town. Christine agreed with John but said that this study will help them understand what the costs actually are. Once they know the costs, they can ask for an amount to be contributed that makes sense over the next several years.

Regarding Article 15: Chair Cutting said he recalled that Nancy Martin didn't have a project to discuss due to confidentiality. Ray Martin said he felt this was still true. Clyde said the Conservation Commission has the ability to expend their own funds. They will hold a public hearing prior to alert the public, however, there is no public vote. Chair Cutting said this is the first time the Conservation Commission has asked for funds in about 8 years.

Regarding Article 16: This rescue vehicle will be a cab and chassis with a box on it. The current rescue truck is too large to cross some bridges in town.

Regarding Article 17: This is for the sidewalk. Clyde said this is their third try at a grant for a sidewalk to Exit 9. Their project is rated 4<sup>th</sup> in the state and they are being highly considered. A grant will get them more than half way to the town's 50% match. The engineering is part of the project. Clyde said there is a lot of competition for grants. If they get a grant and decide not to do the project, he felt that asking again for another project down the road would not yield an approved project. Diane said that this project is ranked #1 in their region. Clyde said the town has voted in favor of this project three years in a row.

Aarika thought that the town should look at what they need and not so much what they want. The transfer station is in need of upgrades and new equipment. Maybe these needs are more important than a sidewalk. Clyde said this may be the case, but they have a timeframe to consider; if they want to do it, they need to act on the opportunity.

Mr. Leavitt asked how much money they have spent on the sidewalk project already. It was noted that they haven't spent any; they have put some funds away, however. Chair Cutting said the project, as presented, was that the town would raise the money for the engineering study and then make a decision whether to move forward or not. Since then, the grant has been adjusted so now it is for the whole project, including the engineering.

Diane said in the application it has to be explained where the town is getting support for the project. Simonds Elementary School, Master Plan, Safe Routes to School, etc. Letters of

support have come from 16 businesses and organizations, which she listed. All of these organizations helped with the town's ranking for this project. She offered all the documents to anyone who wished to see them.

Marianne Howlett said she has requested the documents and saw them. She asked if it costs more than the million dollars to construct the sidewalk, how will they pay the difference? She asked if they have reached out to the individuals who will be affected by the project.

Clyde said that they have included a contingency in the million-dollar estimate. If the cost is higher than the contingency, they may need to go back and talk with the State about the plan.

Chair Cutting asked if the residents between Exit 9 and where the project begins have been met with. Clyde said not formally, but he felt those residents had come to Town Meeting. Diane said part of the process of the grant is to have several public meetings. Chair Cutting asked how residents they have heard from feel about this project? Diane said she gets feedback from people all the time both for and against the project.

Mr. Leavitt said they don't even know which side of the road the sidewalk will be on. Some people will like it, some won't.

Michelle asked if a resident could sue the town to stop putting the sidewalk in if they didn't like it. Clyde said that the state has a right of way to do this kind of thing. He felt there was plenty of room to put a sidewalk in on either side of the road. Eminent domain would not be utilized.

Clyde said the sidewalk would be a continuation of the new sidewalk that comes off the round-about. They are 8' wide.

Ray Martin said the road is busy and they have already had two young people killed there. There are a lot of people who walk the road, including a woman who walks with a walker.

Article 18: This is to fund the skateboard park. The current park was made of wood and had to be closed due to it being unsafe. Kimberley wondered why the Selectmen chose to pay for this out of surplus. Clyde said this project was chosen as it fit within the amount that they had in surplus. Michelle asked how many people use the park. Clyde said he wasn't sure, but it was a lot of people. He said that this new park will accommodate both skateboards and BMX bikes. The kids need activities to do in town and they believed the voters should get a chance to vote on this project.

Judy asked if Parks & Rec proposed starting to put away money over a couple years to get this project funded? Chair Cutting said they did not. They only asked to have the project funded completely.

Michelle asked if Parks & Rec has sought after any other sources of funding. Chair Cutting said not that he was aware of.

Article 19: This is for partial reimbursement for participating town employees for deductibles. Chair Cutting said the town is paying 90% and the employees are paying 10%. This has increased from 92% and 8%.

Article 20: Unanticipated expenses. This is \$10,000 and they are restricted by statute about how much they can raise. The last few years they've left it at \$10,000. Clyde said that they haven't touched these funds, but it is good to know it is there.

Budget Committee Minutes January 20, 2022 APPROVED

Article 21: This is for firefighter's equipment fund. Chair Cutting said this funding is to continue with the replacement necessary for equipment, including radios which are very expensive.

Article 22: Library building and renovation. Nancy Ladd said this has changed since the last time they met. They got a new quote which is higher than last year's for the HVAC project. A grant they thought they could get is not available in the amount they anticipated. The maximum they could get is around \$25,000 and it is unclear whether or not they will be funded by this grant. Chair Cutting asked the timeline for doing the total project. Nancy said most of the equipment is from 1993 and is obsolete. They don't know how long they have and are just trying to work towards the completion of this project. The cooling part of the project is the most important as the summertime is very uncomfortable. Chair Cutting asked if this project could be split. Nancy said this was not really possible.

The public hearing for the budget would be held the following Thursday. February 1<sup>st</sup> would be the second public hearing. The following Thursday they will vote.

Kimberley said she would send an updated version via email with all the values they have.

With no other business, Chair Cutting called for a motion to close the meeting.

**It was moved by Aarika Reynolds and seconded by Michelle Kendrick to adjourn the meeting. The motion was approved unanimously.**

The meeting adjourned at 9:27pm.

Respectfully submitted,

Kristy Heath, Recording Secretary

Town of Warner