

## DRAFT Budget Committee Meeting Minutes- February 6, 2024

### **Open The Meeting and Roll Call**

- Chair Cutting opened the Budget Committee meeting at 7:02 PM. Chair Seidel reopened the Select Board meeting at 7:02 PM.
  - *Present:* Michael Cutting (chair), Richard Bixby, Harold Blanchette, James Sherman, Michelle Kendrick, Robert Blake, Ray Martin, Allan Brown
    - *Also Present:* Harry Seidel, Faith Minton, Judy Newman-Rogers
    - *Present Via Zoom:* Georgia Flanders

### **Approval of Minutes**

- 12/21/23
  - Harold Blanchette made the motion to approve the minutes, and Robert Blake seconded the motion. The motion passed.
- 1/11/24
  - James Sherman made the motion to approve the minutes, and Richard Bixby seconded the motion. The motion passed unanimously.
- 1/25/24
  - Robert Blake made the motion to approve the minutes, and Michelle Kendrick seconded the motion. The motion passed unanimously.
- 2/1/24
  - James Sherman made the motion to approve the minutes, and Harold Blanchette seconded the motion. The motion passed unanimously.

### **2024 Operating Budget**

- Total budget: \$4,563,086.65
  - Increase from previous year: \$193,497.17
  - 4.428% increase from previous year
- Conservation Commission revenue and expenditures
  - Town voted in 1999 to grant 100% of funds from Change of Use Tax to Conservation Commission
  - \$30,513 transferred into Conservation Fund from Change of Use Tax funds in 2023
  - Spent money from this fund in 2023 to develop evaluation tool for town properties, pay lawyer fees for land gift acceptance, etc.
  - Funds are managed by Commission, not by town as a whole
    - Not factored into Commission's operating budget
    - This may change with a zero-base budget system, but discussion would need to take place with State Dept. of Revenue
    - Budget amount goes towards membership in organizations, postage, etc.
  - Other departments have similar funds (e.g. Fire Department) that are managed by the department and not allocated in the annual budget process

- Public hearings are held every time these funds are spent
  - Also reported in Town Report
- Tax Increase
  - Tax rate expected to increase 13.1%
  - This is due to both an increase in the Operating Budget and a decrease in Revenue
    - ARPA funds no longer available
    - Fewer grants received
    - Revenue is estimated conservatively
    - Decisions regarding how much money to put towards decreasing the tax rate will be made in October
- Benefits Budgeting
  - All benefits are budgeted in one department
  - This creates difficulty in evaluating true employment costs in departments
  - Difficulties with budgeting software
    - Does not report budgets in Excel sheet format
    - Excel has more tools that can aid in comparing budgets from year to year
  - Under HIPAA, employees cannot be identified when discussing their benefits
    - Per RSA, this may include identifying them by position
  - Benefits have increased overall due to increase in health insurance
    - Social security, Medicaid, etc. also increase when wages increase

Chair Cutting reopened the public hearing on the 2024 Budget at 7:21 PM.

### **2024 Capital Budget/Monetary Warrant Articles**

- Down 32.9% from previous year
- Article 4: \$4,563,086,65 operating budget
  - Audit funds
    - Extra audit needed due to retirement of current tax collector
  - This article will be voted on at Town Meeting
    - If voted against, a motion must be made to reduce the budget by a dollar amount from the floor
  - Concerns
    - High tax rate may price residents out of their homes
    - Mean Disposable Income in Warner: \$68,909
      - Majority of Warner is middle income and below, so this mean is somewhat deceptive
      - Many are close to the poverty line
    - \$47,200 for single person to live comfortably in New Hampshire
    - Only 0.3% growth of disposable income nationwide
    - Decreasing benefits may make sense financially, but it will make it difficult to retain employees

- This decision must be made by the Select Board
  - A big hit to taxes comes from revenue reduction
    - This reduction is largely outside the town's control
  - Tax bill is also impacted by school district, state, etc.
    - These are also not within the town's control
  - Substantially reducing this budget would require cutting services
    - Reduced hours at town offices, etc.
  - NH is in the top ten wealthiest states in the country, but that wealth is not equally distributed
  - Change must be made at state and federal level, not just municipal
  - Departments are aware of current state of the economy and attempt to budget frugally whenever possible
  - Public- and private-sector budgeting require different strategies
  - It's irresponsible to cut budget based on an expected surplus
  - By statute, the town cannot spend beyond the bottom line of its budget
    - A special town meeting must be called in order to approve this
  - The Select Board has the right to move funds around
  - Surplus
    - About 2.5% of total budget
    - Covers disasters, unanticipated legal expenses, etc.
- Article 5: \$20,000 Records Preservation
- Article 6: \$25,000 Police Vehicle
  - Replaced every couple of years
- Article 7: \$47,070.40 Bridge Repair Block Grant
  - Will not be raised through taxation
- Article 8: \$100,000 Highway Equipment
- Article 9: \$36,658.74 Highway Equipment Block Grant
  - Will not be raised through taxation
  - Total funds being put into Highway Equipment Capital Reserve: \$136,658.74
  - Initial budget for Highway Equipment: \$175,000
    - Reduced in light of Block Grant
- Article 10: \$50,000 Transfer Station
  - Remodeling of Transfer Station anticipated
- Article 11: \$37,000 Fire Dept. Equipment
- Article 12: \$125,000 Fire Rescue Vehicle
  - Forestry truck slated to be replaced
    - Current truck is 30+ years old
  - Cost of new truck: \$125,000 - \$150,000 unless the department can get a deal
- Article 13: Contingency fund \$10,000
  - Cannot exceed 1% of budget
  - Maximum with current budget: \$45,000

- Contingency fund returned to general fund in 2023
- Legal cases expected
  - Bill of \$10,000 pending
  - Legal line regularly exceeds budgeted
- Article 14: Reval funds \$115,000
  - These funds are not being raised through taxation and come from the unassigned fund balance
  - Avitar is contracted to complete revaluation in 2025
- Article 15: Solar exemption article
  - Initial warrant article to codify terms of solar exemption was deemed invalid by DRA
  - This article corrects that wording and formally codifies the terms of a solar exemption
  - Exemptions still must be applied for and are not automatically granted
- Article 16: Warner Connects operating rent-free
  - Pays \$400 per month in rent currently
  - Serves other towns besides Warner
    - 73% of those accessing services are Warner residents
  - Concern regarding fairness to other tenants
    - Not all tenants are nonprofits
  - \$102,722 dispensed in aid by Food Pantry in 2023
    - \$80,123 in resources dispensed to Warner residents
  - Other towns typically do not charge rent to similar services
  - Organization is volunteer-run
    - Staff are not paid wages
  - Town pays utility bills and maintenance on building
  - Potential to offset welfare costs
- Article 17, 18 do not impact tax rate
- Article 19: Tax check
  - Petition article from the public
  - Asks town to decrease spending
  - Manchester has adopted the provisions of this RSA
  - The town can override this at town meeting
  - Covers capital budget as well
  - Does not cover school impact on tax rate
  - Requires a public hearing by the Select Board
    - Scheduled for February 20<sup>th</sup>
  - Requires ballot vote and 3/5 majority to adopt
  - A decrease of \$350,000 dollars would be required for the 2024 budget to comply with this RSA
    - Includes capital and operating budget

- Order of articles will be changed to put petition articles first and enable more residents to vote on them

### **Revenue**

- Down 28.3% from previous year
  - Lack of ARPA funds, grants, etc.
- Total revenue: \$1,209,650

The public portion of the meeting was closed at 9:09 PM.

### **Next Meeting**

- No public discussion
- Further discussion by Budget Committee permitted
- Final voting on budgets
- Careful consideration needed

Allan Brown made a motion to adjourn the Select Board meeting. Harry Seidel seconded the motion, and the motion passed. The meeting was adjourned at 9:14 PM.

Ray Martin made a motion to adjourn the Budget Committee meeting. James Sherman seconded the motion, and the motion passed. The meeting was adjourned at 9:14 PM.

Respectfully Submitted,

Georgia Flanders

Zoom Administrator