



Town of Warner

Budget Committee – Public Hearing

DRAFT - Meeting Minutes

January 12, 2023 7:00 PM

At 7:04 p.m., Chairman Michael Cutting called the meeting to order and took the roll.

1 – Roll Call

Mike Cutting (Chairman); Dave Minton, Christine Frost (Select Board Representative), Ray Martin, Robert Blake, Harold Blanchette, Michelle Kendrick, Bill Bixby (via Zoom)

In attendance: Diane Ricciardelli (Town Administrator), Clyde Carson (Director of Finance), Michelle Courser (Town Clerk), Janice Loz (Land Use Coordinator), Ben Frost (Chair, Planning Board), Marianne Howlett (Tax Collector)

2 – Review of Minutes

December 8, 2022

It was moved by David Minton and seconded by Ray Martin to approve the minutes of December 8, 2022 as amended. The motion was approved unanimously.

Dave said that the figure for the ambulance is supposed to be \$83,000.

December 15, 2022

It was moved by Ray Martin and seconded by Robert Blake to approve the minutes of December 15, 2022 as circulated. The motion was approved unanimously.

3 – Budget Review – Robert Blake

Robert said he is a financial analyst and a CPA. He said the State has a database of all the tax rates (256 municipalities), and his observation is that Warner's tax rate is in the 90% percentile. The tax rate is a relationship between net expenditures divided by the assessed value of taxable real estate. He thought they should look at the tax calculations from last year. In 2022 the

municipal tax rate was \$9.29, which was an increase from 2021 of \$.79/thousand. This increase added approximately \$316/year to the tax bill on a \$400,000 house.

The change in the operating budget from 2021 to 2022 was modest, which was about \$.46/thousand. The surplus last year decreased from 2021, which added \$.24/thousand to the tax rate. Revenues decreased due to the pandemic and people not registering vehicles or purchasing new ones. Rooms and Meals taxes and the sale of town property did offset the tax rate a bit, which helped.

The tax rate last year increased by \$2.11 which factors in not only the \$.79/thousand municipal tax, but also the education tax portion, which was \$1.70, which is always a big part of the increase. This equates to an \$844 increase to a homeowner with a \$400,000 house.

Robert said the budget they've been talking about stands at \$4,372,528 for the operating budget. The change in expense for 2023's budget is \$697,000, an increase of 18.9%. He said to keep in mind that the loan they have for the highway/roads accounts for \$311,000 which includes principal and interest payments and is 45% of the increase in the town's budget. The extra 10% increase is due to energy demands, employee compensation and benefits.

On his spreadsheet, the appropriations line serves as placeholders right now, but the Planning Board would be presenting those figures at the meeting later that night. They also don't know what the fund surplus will be but Clyde and Diane are getting close to figuring out that number. There are other little things to be applied to the tax rate including revenues (which are up significantly since 2021/2022).

Michelle Kendrick said she has learned that the middle school, New London elementary and Simons elementary need to be fully sprinkled and the boiler at the high school needs to be replaced. This will result in increases in the school tax rate for 2023.

Chair Cutting said that in the past they have considered all the elements of the tax base beyond their control and tried to cut the municipal budget in an effort to present only a modest increase to the taxpayer. There are needs of the Town that will not go away and by avoiding the costs, the Town ends up suffering. His philosophy is that the Town needs to focus solely on the municipal budget as they don't have control over the other things that make up the tax rate.

Ray Martin offered that yes, Warner rates high on their tax rate in comparison with other towns, but they need to consider the tax base. They are in the bottom part of the list for the tax base, so of course their taxes will be high. They don't have a big lake or ski mountain, which prohibits their tax base from increasing.

Robert said mathematically using \$200,000 to reduce the tax rate works to bring the rate down to \$.79. They know that they probably won't have as much surplus to use, so there is likely to be less of an offset to help them out like in years past. Chair Cutting said they've always had an average of around \$130,000 surplus. They are at about \$145,000 surplus currently but there are still some outstanding bills. His estimate was that after all the bills are paid, they will have about \$25,000 to \$50,000 left in surplus. The costs for everything have increased: energy, materials, etc. They may not be able to afford to encumber funds from last year. John Leavitt said that the numbers for encumbered funds should already be known as they had to be determined before the end of last year. He also shared that in his 11 years either being on the Budget Committee or in the audience at the meetings, the Budget Committee never discussed decreasing their

municipal budget to try and level out the tax rate, taking into consideration the County/State/School tax increases. Chair Cutting disagreed and said they had. Chair Cutting also confirmed that we do know the encumbered amounts but we may not be able to encumber if the funds are not there.

Ben Frost, Chair of the Planning Board was there to present the CIP, as mandated by the State. The Planning Board does this each year; they approach department heads and committees with budgetary needs in the summer months to see what their needs will be over the next six years. This is intended to be an advisory document and is provided to help the Budget Committee and Select Board to form the budget for the next year and provide a window into the future. It is meant to be a planning tool for the Town. Chair Cutting requested that they get back on schedule to get this program presented to the Budget Committee in September or October instead of January. This would help them be able to discuss with department heads their operating budget and their future needs as far as capital projects and equipment are concerned. He appreciated that there were issues getting the department heads together this year, but he hoped that they could return to the former timeline. Ben said that they did have some difficulty this year and the Planning Board is discussing how to do things differently for future years.

Ben presented the CIP and welcomed questions as they arise. He began with a memo about the CIP:

- The Conservation Commission did not submit a request for this year. This does not mean that they won't make a request later on in the six years.
- They have included Kearsarge Mountain Road Alternate Route even though there is no activity shown in the planning window (6 years).
- The Select Board did submit a form for an engineering study for Warner Downtown/sidewalks. The Planning Board voted to remove this project from the CIP as more study and support was needed.

Ben shared that the definition of the Capital Improvement Program Budget, per the Planning Board is:

Anything that costs at least \$15,000 and has a useful life of three years or more.

This is different from the Capital Reserve Fund.

Ben said that they asked department heads to rank items from urgent/necessary, to those that would like to have done, and then to wish-list items.

Judy wanted to know why the Kearsarge Mountain Road project was put in the plan as a placeholder, without any information, but the sidewalk was not included and taken out. She thought there was unequal criteria for these and they were treated differently. Ben said that this was the decision of the Planning Board. Judy asked if a project has ever been taken out of a CIP before or its importance downgraded. Ben said that a project has been down-graded before, but in his 11 years on the Planning Board, there hasn't been a project that was taken out of the CIP. Judy said she has been an employee for longer than 11 years and has never seen a department head plan removed from the CIP.

Ben went through each department with a CIP request:

Select Board

Town Hall Roof Repair. The repair is estimated at \$45,000 which is considerably less than a complete replacement. This would be \$15,000/year for three years. Chair Cutting recalled that in recent years, the voters at Town Meeting had directed the selectmen to continue with a slate roof to keep the historical integrity of the building. This increases the cost of work done to the roof.

Revaluation Funds. A revaluation is required by every municipality every five years. The cost has gone up to \$32,287/year for the next three years.

Town Clerk

Records Preservation. Michele Courser has indicated that \$20,000/year for the next three years should enable her to catch up with the preservation work that needs to be done. It was asked if the highway plans and blueprints would be included in the preservation. Michele said this could be done but would add to the time and expense of what she currently has in the queue. The Select Board would need to decide if they wanted to spend the money.

Police Department

Fleet Management. This is estimated to increase each year. The next replacement is in 2024 to trade the 2016 sedan, in 2025 the 2017 SUV, and 2027 the 2017 sedan. The appropriation would be \$15,000/year.

Public Works

Ben noted that the administration of the highway construction loan makes the CIP complicated. He said that Christine worked a lot with Tim Allen to come up with these spreadsheets based on the sources of revenue.

Bridge Repairs. There is a \$465,000 expenditure listed, with \$150,000 appropriated for 2023.

Highway Road Construction. They have not included debt service in this line as the Town is going to pay the debt service. They don't have a CIP fund projected for this line in the following years because the loan will pay for these expenditures. In 2027 they will return appropriations for this fund.

Highway Equipment. This is a Capital Reserve Fund and what is projected for 2023 is replacement of the 2004 Mac. Tim is requesting for the next six years is \$150,000/year. There are likely to be changes moving forward. Chair Cutting said the 2004 Mac was projected to have a life expectancy of 10 years.

Transfer Station

Transfer Station Facility. Ben said there is nothing being shown here for the facility even though there may be something that may be happening. Varick did not provide any numbers. The

narrative has some numbers in it, between \$100,000 and \$4 million. In the request, there were no numbers provided. This is a placeholder.

Transfer Station Equipment. For equipment there is no appropriation provided for the next four years. There are expenditures anticipated over the next two years. For 2023, there is a purchase of a skid steer for \$90,000 and a compactor for purchase in 2024 for \$67,000 but no appropriations requested. The capital Reserve Fund associated with this account has about \$55,000 in it. A deficit in this regard will need to be accounted for in the future.

Chair Cutting said there was a trade-in value to offset the skid steer purchase. At this point in time they aren't sure if they are going to make this purchase or not due to the decreased visibility while operating it. They are considering some type of front-end loader that would have more visibility and safety. Tim and Varick have some prices but are still waiting to hear from John Deere to get another estimate.

Michele thought it was very irresponsible to not have anything in the CIP for the Transfer Station Facility. They know that money will need to be spent there.

Fire Department

Equipment. This is fairly modest at \$36,800 for radios and other tools in need of replacement. In 2026 there is a \$240,000 expense coming up, however, for replacement of SCUBA gear.

Rescue Vehicles. This is set at \$150,000/year

Library

There are no requests for this year but they will be doing two projects using existing capital reserve funds. HVAC replacement (just completed) and in 2024 will be the replacement of carpeting.

There were no questions for Ben regarding his presentation of the CIP. Chair Cutting thanked Ben for his presentation.

Operating Budget

There is an 18.8% increase over last year. He asked the Committee for comments. Ray said that the payment for the loan increased the budget by 8%. They have reduced things a bit with the CIP actual numbers, but he feels they are in a perfect storm with costs. For employees, it is getting costly and the towns are "poaching" employees from each other. They have to entice employees to stay somehow. Lastly, inflation plays a role. He said there is a cost of "not" doing something also. Putting off a project doesn't make it disappear from a budget; it will come up again.

Chair Cutting said that Tim Allen is against cutting his paving budget by \$100,000 as was suggested at a prior meeting. There is a schedule to pave the roads because they are in disrepair. Paving them later on will only cost the Town more. Robert said that the loan payments will go on for the next 10 years. And in just four or five years they will be adding paving appropriations back into the budget.

Ray said construction costs from two years ago have gone up significantly today, so the jobs they have scheduled to use the loan for will be eaten up faster than anticipated.

Chair Cutting said most increase in costs for projects are due to the increases in costs of fuel, electricity and materials. He opined that they have two choices: run the budget and do what they need to do, or cut the services. Those are the options.

Dave Minton said the school taxes are the ones that are increasing significantly and the municipal budget is increasing but not at such a large rate.

Chair Cutting explained the package for employees offered for 2023. There was a 3% COLA increase, 2% merit raises, and 100% of the health insurance and dental paid by the Town. He feels the employees are happy with this.

Audience member Tim Blagden thought that there was really good zoning in the town that is a benefit to the town. However, they are holding the town back by not making it easy to do real estate transactions. They don't have good online tax maps like every other town around them and beyond. It is much harder to do real estate business in this town as compared with other towns. He urged them to go to online tax maps. Dave Minton said they presented this in the past and it was voted down at Town Meeting.

Mary Anne said it may be hard to get the information, but Warner provides great customer service. Having online tax maps is not a cure for more growth in the town. Dave Minton said that speaking as a past realtor, it is an inconvenience to have to ask for the information to be emailed. John Leavitt said the Town has done a great job of discouraging development. Chair Cutting said that this was not a discussion for the meeting that night.

Richard Bixby said for this year he thought the Town could get by with \$100,000 less for paving. Chair Cutting said this would put the paving schedule behind. Richard said they've got to deal with enough already and the Town could "give" a little in this area.

John Leavitt said everyone agrees that the transfer station needs an upgrade but there's nothing put in the CIP. They don't know how much it will cost, but there's nothing in there.

An unidentified audience member asked if the Select board has the authority to put a warrant article out for the transfer station facility upgrades. Chair Cutting confirmed this.

Michelle Kendrick worries that if they don't have an amount suggested for the transfer station facilities line, it will be another "free-for-all" at Town Meeting with people shouting out petition articles from the floor.

Chair Cutting said January 26 and February 9 were the two public hearings on the operating budget. February 7th is the last date that petition warrant articles can be accepted.

Revenue

The actual is \$4,487,799 which is more than what was projected. Chair Cutting reiterated that it is always good to project low on these things.

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The next meeting will be January 19, 2023 where the Selectmen will submit the Capital Budget and projected revenues for 2023.

It was moved by Ray Martin and seconded by Michael Cutting to adjourn the meeting. The motion was approved unanimously.

The meeting adjourned at 8:43pm.

Respectfully submitted,

Kristy Heath, Recording Secretary
Town of Warner