

**Approved Minutes of the Budget Advisory Committee (BAC)
Temple Municipal Offices
Wed. October 27, 2004**

Members present

Steve Andersen
Rae Barnhisel
Mike Darnell
Brian Kullgren
Allan Oxman

Others present

Ted Petro (Select Board)
Charlene Eddy (Select Board)

Meeting called to order at 7:15 pm.

1. Minutes from September 22, 2004 (Mtg. 9) approved as amended; minutes from October 13, 2004 (Mtg. 10) approved as written. Barnhisel will email/fax draft minutes to members ahead of meetings if possible.
2. Members reviewed the 10/13/04 Budget Worksheet for departments/categories not yet discussed. Andersen reported that Police Chief McTague had requested that line items excluding salaries and benefits remain the same. There was discussion of Special Detail Pay and the fact that it was over budget by \$3750. Given that the pay is reimbursed to the town, members discussed how much should be appropriated. Members then reviewed the police budget and agreed that up to \$2000 could be reasonable cut given the lack of spending in a number of categories. It was agreed that the amount appropriated would remain unchanged at \$1000.
3. Members agreed that Andersen would take the following issues to the Select Board at its next meeting:
 - a. Other Public Safety category to be broken out among the various departments that use gasoline and fuel. The current appropriated amount is listed in error at \$1000 rather than the projected \$10,000.
 - b. Highway Dept. Labor to be broken out to include individual wages of the Road Agent, full-time workers, and part-time workers similar to other departments.
 - c. Wilton Recycling Center budget breakdown to be made available to the BAC.
 - d. Debt Service-Interest TANS line item to be changed from \$2500 to \$1.00.
 - e. Property Repairs and Maintenance line item to be broken down to reflect the properties it includes.
 - f. An oval table to be purchased to accommodate the needs of the various boards that use the municipal office meeting room (T. Petro agreed to look into it).
 - g. Lukas Foundation property value to be listed as an "exemption" on the MS-1 submitted to the state.
4. Andersen reported that the following individuals would be requested to attend the next BAC meeting on November 10, 2004: Police Chief, Animal Control Officer; Fire Engineer (Debra Harling), and a Library Trustee to discuss their respective budgets.
5. C. Eddy and T. Petro reported the following on behalf of the Select Board:
 - a. The engineering report on the Brown Road landfill will be received and approximately \$10,000 has been expended. It is not yet know what further monitoring the state will require.

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It was agreed that future proposed expenditures could be included in the General Government category in the Property Repairs and Maintenance line item and be specified as the Brown Road landfill property.

- b. The Ballfield line items cannot be moved into the Recreation category and so will remain in the General Government Buildings category. The subcategory Other Public Facilities will be deleted and its line items will be moved up. It was agreed that the Other Property Miscellaneous line item would be deleted.
 - c. The Human Resource Manual has been changed to reflect the following:
 - 1) Section 1.6 regarding policy amendments voted on at the town meeting each year: “wages” replaces “compensation.”
 - 2) Section 2.2.6 regarding method of computing compensation: deleted.
 - 3) Section 2.2.8 regarding employee salaries: updated.
 - 4) Section 2.3.3 regarding benefits for employees working >15 hr. but <35 hr.: “town clerk/tax collector” replaces “part-time employees.” These two positions may have the 2-person rate of insurance.
 - d. Employee wage increase has been set at 3% based on the Consumer Price Index. There was discussion by the Select Board of a 4% wage increase over the next 2 years. This would amount to >2.5% but <3% increases and avoid the discussion on the wage increase the following year. Some BAC members thought the idea had merit.
 - e. Drinking water would need to be budgeted if the current select person up for re-election is not re-elected.
6. All present discussed the meeting with DRA to set the tax rate on Nov. 17. Andersen stated that the following information would be required to determine how much of the fund balance could be used to offset the tax rate and how much could be used to fund capital expenditures requested via warrant articles: a baseline budget and cash flow (carryover and surplus provided by D. Harling). He reminded members that there is no limit on the amount of a fund balance a town can carry.
 7. Andersen described two schools of thought in municipal finance: The first, implemented by a previous select board member (coined Frazier Economics), is a strategy in which no money is set aside in Capital Reserve Funds (CRFs), the operating budget is padded, and the resulting fund balance is used to artificially offset the tax rate. In this scenario, all seems fine until an unforeseen circumstance occurs, the fund balance is reduced, and the tax rate spikes. An alternative strategy (coined Andersen economics) is to set money aside in CRFs for those unforeseen circumstances, maintain a lean operating budget, grow the fund balance through fiscal responsibility and have it available for emergencies and capital expenditures, and keep the tax rate stable.
 8. T. Petro suggested that the BAC and the Select Board articulate a goal of not only keeping the budget flat-lined and stable but also keeping the tax rate flat-lined and stable. Given that the town’s increase in valuation caused the taxpayer’s property assessment to double, he suggested that the tax rate be halved from \$33. 59 to 16.80. All agreed that this was an excellent approach.

Meeting adjourned at 9:45 pm.

Respectfully submitted,
Rae Barnhisel
November 10, 2004