

JOHNSON SELECTBOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
THURSDAY, JANUARY 15, 2015

Present:

Selectboard Members: Kathy Black, Nat Kinney, Doug Molde, Eric Osgood

Others: Duncan Hastings (Manager), Rosemary Audibert (Clerk)

Note: All votes taken are unanimous unless otherwise noted.

1. *Call to Order*

Eric called the meeting to order at 6:40.

2. *Additions, Changes to Agenda*

Duncan said he wanted to add an update on the various town and school deeds. They are all done and he thinks the goals were accomplished. We are operating on the premise that School St. is a 3 rod road. He will be looking for action on the deeds at the board meeting on Monday. He will send them out before the meeting for the board to look at. Doug asked if we have to advertise that we are disposing of property. Duncan said he did that.

3. *Review of First Draft of Town Budget*

Duncan reviewed a sheet comparing requests for appropriations for FY14-15 and FY15-16. Only two are different. The Clarina Howard Nichols Center circulated a petition requesting an increase from \$1200 to \$1320. He believes we sought a legal opinion a couple of years ago when Home Health did the same thing and concluded that the request has to be a separately warned article and then if it passes, the increased amount is incorporated into the budget.

The last time the American Red Cross was awarded money the amount was \$250. They have requested in writing an appropriation of \$500. Our policy says the board may authorize it or the board could ask them to circulate a petition if they want an increase. Nat said he would like them to circulate a petition. Doug noted that they are the biggest organization that gets an appropriation and they aren't local. He asked, if we thought another group was getting too much, could we cut the appropriation? Duncan said one year the board cut all appropriations by 20%, then the voters reversed that decision. Doug suggested leaving the Red Cross appropriation at \$250. Kathy agreed. Duncan said he will send them a letter telling them they will need to circulate a petition if they want an increase.

Duncan asked if the board wants to give highway employees the same 2% increase the trustees and selectboard voted to give shared village/town employees. Kathy said town employees also got the same adjustments to their health care plans. Between that and the current cost of living rate a 2% increase is fair. Eric said there are good reasons to match what joint employees are getting.

Duncan said he budgeted step increases based on years of service for listers Jari Chevalier and Daniel Perkins. The board discussed what to budget for pay for Jason, the new highway department employee, who will have a 6-month review in March. It was decided to discuss this with Steve Smith on Monday before making a decision.

The increase in insurance rates is only 1.04% over last year, but due to employee changes the total insurance bill is fairly significantly higher than last year. Last year's budgeted amount is less than actual spending. Much of that difference is due to changes in time allocation for shared village/town employees.

Duncan reviewed the capital budget. Replacement of the International 4300 (the smaller village truck Jason is currently driving) is planned. The estimated price is \$100K. Duncan put in \$110K to allow for purchase of an extended warranty. The board can decide whether or not to get an extended warranty, but he thinks it makes sense to budget for it. He put \$20K for the expected trade-in amount to be conservative, but he thinks we can probably get \$30K or more. He showed figures based on two ways of borrowing for the purchase – using standard municipal equipment loan financing, which requires us to make a 25% down payment, or financing 100% of the cost with a standard loan. We haven't used municipal equipment loans in recent years because interest rates have been so low. He doesn't see much advantage to a municipal loan. The difference in cost to us is low and the 25% down payment takes money out of the reserve fund.

Last year we replaced the roadside mower, but did not replace the town tractor because we are using the village one. We still have our old tractor with a backhoe attachment and a sickle bar mower. We should sell that. Duncan is guessing we should get at least \$6K for it.

The annual capital budget loan expense is \$66,284. The amount proposed to put into the reserve fund is \$95K. Duncan still needs to review with Rosemary the actual figures for FY14/15 in order to come up with an accurate figure for the reserve fund balance. Kathy asked if money from the sale of the tractor would go into the reserve fund. Duncan said yes. Duncan said if the balance seems too high we could change the annual contribution amount. It was increased a few years ago. Eric said there was a year we were going to be potentially low. He asked if we know of a trend in major equipment prices. Duncan said actual costs have been pretty close to budget but we have been getting more for sale of old equipment than what was budgeted. He has intentionally tried to budget lower so we have a little cushion. Eric suggested if we held the contribution level this year (putting in \$90K as we did last year) that would be \$5K more we could put in the budget, then we could keep the same steps every year after that. Nat said the philosophy of estimating low makes sense, but the difference between \$20K and \$30K seems pretty big. Maybe we should increase the amount expected from the truck sale to \$25K. Duncan said he could increase the salvage number for the truck by \$5K, but that won't have an effect on the annual operating budget. Nat said with that change then maybe we don't need to increase the contribution to \$95K. Duncan said he thinks we could probably stay with \$90K.

There was discussion about whether extended warranties are worth the money. Kathy said she thinks it might be better to put money into the capital equipment fund to be used if needed for specific repairs rather than spend it up front for an extended warranty. It was agreed to take the extended warranty cost out of the capital budget.

Duncan reviewed the draft operating budget compared to FY14-15. We are still 6 months from the end of the year so it is hard to estimate year end totals. His theory has always been budget low on revenue and high on expense and hopefully we will come out with a surplus. He reminded the board that if we anticipate a surplus from FY14-15 then the board decides how much to apply to reducing taxes or to set aside for other purposes.

Eric asked why there was a drop in overrun stone income in FY14-15. Duncan said the 5-year average has been about \$7400 but it fluctuates greatly from year to year.

Kathy asked why PILOT revenue is so much higher than budget. Duncan said we budget lower than what we expect to receive in case there is some change in what government decides to give us.

Rosemary said she thought the figures for Tuesday Night Live revenue (the FY14-15 year end estimate and next year's budgeted amount) could probably be raised. It was agreed to increase both to \$3K.

Duncan assumed the same rent for the Holcomb House apartments. He budgeted a little less than total anticipated income for this year, thinking we could miss a month of rent. We haven't been approved yet, but have been told we are in the queue for the weatherization program, which will help pay for insulation. To participate in that program we had to guarantee we wouldn't raise rent for a year, so if we get the funds we will be locked into keeping rent the same but we should save money overall due to the improved insulation.

When the Holcomb House was purchased the town did not have money in its budget for loan payments until the end of the fiscal year so the Historical Society agreed to use its funds to cover about \$26K of loan payments. In the FY14-15 budget the board committed to raise money in taxes to pay off the loan. Duncan, Eric and Rosemary met today with Linda and Dean. The Historical Society proposes one more year with the town paying principal and interest on the loan. At the end of that year there would be 2 ½ years and about \$128K left on the note. The Historical Society has already raised \$90K and they are confident they will be able to pay off the remainder of the note in full after this year. They are also committed to raising money to pay back what the town paid. An alternative would be for them to contribute about half of the loan payment amount this year. They are also open to that.

Eric asked if we have control of the Historical Society's money. Rosemary said she is a signer on the account. Doug asked if it takes more than one to sign. Rosemary said the bank does not monitor it. It is up to the Historical Society to decide. Kathy asked if the town owns the building. Rosemary and Duncan said yes. Doug suggested requiring that someone from the town sign in order for checks to be written from the Historical Society account. Kathy suggested we could just ask them to make sure they have double signatures on everything over, say, \$1000. Duncan suggested that he and Rosemary look into it. One of his concerns would be whether, if the town treasurer has to sign, then if funds were embezzled would Rosemary somehow be liable? Rosemary said she suggested that there be two signatures and Linda and Jo Ann agreed. They and Rosemary are the three signers. Doug suggested checking on that making the bank conversant with that arrangement.

The board agreed to wait until after reviewing the whole budget to decide about having the Historical Society help with loan payments this year.

There is a pretty big change for Blue Cross/Blue Shield. Overall the General Government category is up 7.4%.

Audit expense is higher than budgeted. The firm the board picked charges more than the old firm, but the board thought it would be a good idea to switch firms as we had been using the same firm for a long time. If the same firm does our audit again, the cost should be lower next time, but Duncan thinks we weren't budgeting enough for audits and that amount needs to be increased in the future.

We have to incur expense for Coddling Hollow engineering work, but we don't know when we will be reimbursed by FEMA or how much our reimbursement will be, so Duncan is not showing reimbursement from FEMA anywhere in the budget. He is also not showing anticipated construction costs for the Coddling Hollow project. He doesn't have any idea yet how much that will cost. Duncan said what our share of the Coddling Hollow construction cost will be is totally unknown at this point. If we get FEMA to pay 75% of the cost, then the state will have to pay 12.5% and we will have to pay 12.5%, but we won't know that number before we have to build the budget. Eric asked, when we are reimbursed, will it be more than we have already paid up front? Duncan said he doesn't know. He said we have to raise money in taxes to pay for the engineering. The question is where to put it in the budget. He should know relatively soon whether FEMA will pay for 75% of what ANR requires us to build. Duncan suggested not budgeting anything for the Coddling Hollow construction under the assumption that we will pay for it with short term borrowing or money from the bridge and culvert fund. He thinks we will probably have to borrow and then pay off the note when FEMA and the state reimburse us. Doug asked, shouldn't the 12.5% we will have to pay appear in there? Aren't we going to have to come up with it during the year? Duncan said yes, but he has no idea what the amount will be. One could argue that is what the bridge and culvert fund is for.

General insurance went up 10%. Part of that is due to increases in the values of the buildings. VLCT PACIF has a commercial appraiser appraise some of our properties each year.

County tax is up 15%. Eric thinks the large increase must be due to the change in our CLA, which changes our share of the Grand List.

We spent a little more than budget on solid waste/landfill, due to the testing we had to do. Duncan doesn't think we will have that expense next year. Our testing requirements might even be reduced, but he doesn't dare reduce the budget amount much. He kept it the same as last year.

Doug asked where we would think about a rail trail contribution or if the bottom line doesn't seem good enough to allow that. Duncan said there is a line item that could cover work we do on the rail trail, like mowing. It was discussed in the past that it would be nice for each

town to mow its section of rail trail. Nat said he doesn't know that the portable toilet planned for the new trailhead facility has been budgeted. The Rec Committee thought they might be expected to pay for it. That might explain the increase in facilities maintenance.

The overall budget is up 14% in this draft, but Duncan said that includes a lot of grant-funded projects that will be money in, money out.

Steve wanted to see an increase in trimming and mowing. Duncan also suggests adding \$10K to the paving budget. We have not been keeping up with paving costs. But if we have to find a place to cut, that might be a place to do it. Steve would like to see the budget for mud abatement go from \$20K to \$30K. There is \$121,725 budgeted for drainage on College Hill, but 80% of that will be grant reimbursed.

The non highway projects line item is where we could consider putting money in the budget for the rail trail. If the work we did were something simple like roadside mowing we probably could accomplish it with our own crew in a few days, though that would be a few days' less work on our highways.

Some figures still need to be adjusted for accuracy, but Duncan thinks the \$312,241 increase from last year's budget is a good number. He is guessing the 14% increase is probably pretty accurate.

Duncan realized he had made a mistake in the county tax number.

Eric reminded the board that voters had asked us to include percent change in this year's report. We could show a summary page with broad categories and show columns for last year's and this year's budget for each category.

Rosemary said if the voters approve the article to increase the property tax exemption for disabled veterans from \$20K to \$40K that will probably impact the tax rate by about a penny. The state pays \$10K of the exemption and we pay the rest. Eric and Duncan agreed we should know for town meeting what the impact will be.

Doug said he thinks we need to be prepared for discussion and questions about form-based zoning at town meeting. Duncan said the boards have more or less made a commitment to have a public vote but that is no longer required. The question is how we allow a public vote when statute doesn't contemplate or allow for it. How can it be done in a way that doesn't usurp the selectboard's obligation to make the decision? A non-binding vote is probably the way to go.

Doug said his question is whether it would be village zoning or town zoning. He thinks we need to be on top of this soon. Duncan said he heard some of the discussion at the zoning meeting last night. Walter Pomroy pointed out that one issue for the trustees is the ability to put the tax burden on village residents to fund a zoning administrator, legal battles, etc. Kathy said it will have to be supported by both the town and the village. The village can't do it alone. Duncan said last night the group talked about trying to keep it to the village core, but

it makes sense to have at least some of Route 15 covered by it. Kathy said maybe the committee needs to make a presentation to the selectboard and maybe a public presentation. Doug said he thinks the presentation should be at town meeting. Duncan said a recommendation to adopt zoning has to go through the Planning Commission first, with at least 2 public meetings, then it comes to the selectboard. Or the trustees, said Doug. He said at one point it was suggested that it would be easier to get a zoning ordinance adopted in the village and it might also be more necessary there. Duncan said the trustees want a public vote before they decide whether to approve a zoning ordinance.

4. Adjourn

The meeting was adjourned at 9:04.

Minutes submitted by Donna Griffiths