

JOHNSON SELECTBOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, JANUARY 16, 2023

Present: Selectboard members: Beth Foy, Duncan Hastings, Eric Osgood, Eben Patch, Mark Woodward

Others: Brian Story (remote), Rosemary Audibert, Jason Whitehill

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Beth called the meeting to order at 6:30.

2. Additions or Adjustments to the Agenda

No changes to the agenda were needed.

3. Executive Session to Interview Candidate for the Open Public Works Operator Position

Eben moved to enter executive session to interview a public works operator candidate as allowed by 1 V.S.A. § 313(a)(3), Duncan seconded and the motion was passed at 6:31. The board came out of executive session at 7:37.

Eric moved that an offer of employment be provided to David Tanner and that he be placed in the current grid as an operator, recognizing 3 years' experience and a CDL, contingent on background and reference checks, Duncan seconded and the motion was passed.

4. Review and Approve FY24 Town of Johnson Budget

Brian said he had made the requested changes to the budget. Eric noted an inconsistency between the capital budget and the regular budget and Brian determined that both figures in question were incorrect and need to be changed.

Duncan said he thinks separating interest payments from principal payments in the capital budget is confusing. Beth said she proposes getting an amortization schedule for each piece of equipment. Currently we are doing a flat calculation of 10% on interest but we are actually paying a lot more interest early in the amortization schedule and less later. That affects the capital reserve fund balance. Duncan said he is okay with that, but he would like interest and principal to be combined in one figure. Beth asked if there is any reason to budget interest separate from principal. Duncan said the auditors always tell us that interest is an expense and principal is not. Eric said it is easier for the voters to follow the money if the revenue shown coming in from the highway restricted fund exactly matches a number in the reserve fund table. Beth said she doesn't just want the numbers to match; she wants a link in the budget that goes directly to the matching cell in the capital budget.

Eben asked if Susan has looked over this budget draft. Brian said no. He was making changes right up to when she left today.

Eric said the corrections just made will change the bottom line of the budget but not what needs to be raised by taxes. He said it will also change the reserve fund balance. A few years out it will become too low. Duncan agreed that it will be in an uncomfortable zone.

Eben asked why funds for the welcome center were rolled over from the previous fiscal year. Rosemary said the project was not done yet when the fiscal year ended June 30.

The board asked for a change to the description of the new line for grant matching funds to make it clearer what it is for.

The tax increase with this budget draft is 2.593%.

Eben suggested changing the amount to be put into the capital equipment reserve fund from \$151K to \$161K. Eric said that will increase the budget by \$10K. Eben said he understands, but our budget increase is less than half of inflation and in 5 years the capital equipment fund will be in the red. The board agreed to increase the amount to \$161K.

Eben said we currently have \$20K allocated to town office expense - small equipment purchase – current year. He proposes also increasing that by \$10K. Those two changes would increase the tax rate by slightly less than a penny. Putting some money into efficiency for town buildings could save taxpayers in the long run. Duncan asked if he is thinking this would be a one-time increase or repeated year after year. Eben said that probably needs to be looked at a little more in depth and analysis should be done of what is needed for the buildings and what the cost would be.

It was agreed to increase line 208 to \$30K and line 401 to \$161K.

Eric asked if we should increase the annual appropriation to the capital equipment reserve fund from \$7K to \$10K. Eben said it wouldn't hurt to look at projections. If this board is going to be discussing purchasing an excavator we will want to make the reserve account healthier than it is. Duncan said he feels we will have to adjust the annual allocation, but he would rather do it as part of a more comprehensive review of the capital budget plan.

The board and Brian discussed the corrections that need to be made to the capital budget.

Beth talked about how loan payments for the grader will affect the capital budget. Rosemary said she thinks the loan payments can start March 1. She hopes the interest rate will be less than 5%.

Brian reviewed some format changes in the capital budget.

Duncan asked if Brian had plugged in the numbers for the interest payments going out in time as he had for principal payments. Brian said no; he hasn't had time to make that change for future years, they are still on a flat 10% estimate.

Duncan again suggested combining principal and interest.

Eben asked if the salvage value for the backhoe is really going to be only \$16K. Brian said he thinks all our salvages will probably be higher than estimated. Eben said he thinks \$16K is much too low. Duncan agreed.

Eben said the town owns 80% of the backhoe. We need to have a conversation with the village. We have \$173K budgeted as a replacement cost, but that is 100% of the cost. If village wants to follow our replacement schedule and continue to be 20% owners, the town money is 80% of that. That is a conversation the town and village need to have at a joint meeting.

Beth asked if that \$173K is accurate. Eben said he thinks that was the higher of the two quotes we got. Brian said yes, it is the higher quote.

Jason said he would like to get real numbers for equipment purchase costs. He doesn't think the \$60K shown for pickup truck replacement is right. He thinks the actual cost will be closer to \$90K-100K. He can talk to dealers and get real numbers for these. It concerns him that purchase and trade-in values seem too low.

Brian said we discussed that this summer our capital equipment plan is due for review. That is a good time to reconstruct this from scratch. Beth said we can start now.

Eric said the changes we talked about tonight are going to cascade through and affect everything. Eben said he would like Susan to review the entire budget. Beth said she would like Jason to identify estimates that don't seem close enough and suggest what he thinks are better ballpark estimates to Brian. Duncan and Beth asked for a new amortization schedule to be created for each piece of equipment and used to come up with correct principal and interest figures for each year. Beth said she would also like to know that the detail lines add up to close to what the overall ballpark estimates are for each piece of equipment.

It was agreed to meet again on January 30 at 6:00 for final review and approval of the budget.

5. Review and Approve Town Meeting Warning

The board reviewed the draft warning. After some discussion, the board agreed to word the article on the grant match reserve fund as follows:

Shall the voters authorize the Town of Johnson to establish a grant match reserve fund for matching grant opportunities in accordance with 24 V.S.A. § 2804; to be funded annually by a dedicated line item, donations, bequests and/or end of year surplus?

It was agreed to word the article on the arboretum reserve fund as follows:

Shall the voters authorize the Town of Johnson to establish an Arboretum Reserve Fund for the preservation, development and health of the Johnson Arboretum in accordance with 24 V.S.A. § 2804; to be funded annually by donations budgeted to the Arboretum and/or unspent funds dedicated to the Town of Johnson Tree Board?

Eben asked about the process for moving unspent funds into the reserve fund. Beth said the Tree Board would ask the selectboard to roll unspent funds into the reserve fund. Duncan noted that if we were asked to do that, but it would create a deficit, we would not do it. The selectboard will look at the request in the context of the whole budget.

Eric said he doesn't see much that is controversial, but does the board see value in running it by our attorney? Duncan said sometimes the Secretary of State's office will review an article. It was agreed to ask the Secretary of State's office, but not the town's attorney, to review the warning.

6. Adjourn

The meeting was adjourned at 9:03.

Minutes submitted by Donna Griffiths