

## ASHLAND BUDGET COMMITTEE

August 9, 2012

### DRAFT MINUTES

MEMBERS PRESENT: C. Austin, M. Badger, M. Brown, S. Coleman, S. Felton, I. Heidenreich, P. Preston, D. Ruell, M. Scarano, D. Toth.

OTHERS PRESENT: Fran Newton, Alan Ciley, Eli Badger, Linda Pack, Bobbi Hoerter, Patsy Tucker, Paul Branscombe, Lee Nichols, Kendall L. Hughes, Dan Vaughn

The meeting was called to order at 6:00 P.M. in the fire station conference room.

The meeting minutes from July 12 were approved (9-0).

### **Electric Department Review**

Lee Nichols presented the overview and financial information

#### Overview

- The last rate change was in Jan 2010. Currently, the new contract, in its first year of 6-year contract, is allowing the department to accomplish some goals previously put on hold. They are on track with the agree power purchase contract.
- Two additional line personnel have been hired, one permanent and one temporary.
- Additional monies have been added to capital reserves.
- New capital expenditures include the installation of new lighting in garage. They are in the final stages of new billing program, which is on scheduled to be tested at the end of August and is anticipated to be fully functional in October, 2012.
- New narrow band radios are mandated by FCC starting in January 2013, and must be digital by 2015. The current electric department plan is to go digital along with switching to narrow band. Police department radios are already digital and communication with them with current analog system is of very poor quality. The system will be three channels - for the town, police and fire departments. A pricing bid has been obtained from Ossipee Mountain Electronics. It includes base stations (electric department, water and sewer and highway department including transfer station) as well as radios. The bid costs are \$26,885 for electric, \$8,648 for Water and Sewer and \$18,745 for the town. Lee Nichols plans to meet with Board of Selectmen next Wednesday to discuss having the town join the effort. The electric department has offered to front the town cost of \$18,745 with the expectation that they will be reimbursed by May, 2013. The Board of Selectmen has initially declined the offer. Mr. Nichols plans to apply for a grant that will reduce costs by half but it is uncertain if this grant can be obtained. Electric department will pay for radios from capital reserves. The electric commissioners, who are agents of capital reserve funds, have voted to shift money into various existing categories, e.g., radios for trucks will come from the truck capital reserve fund.
- Current income is exceeding expenses. Surplus funds will go into capital reserve accounts.
- The department has purchased a new truck. The old (1972) truck could not be certified. The commissioners have sent a memo to the Trustees requesting funds to cover the expense. A concern was raised about timing of purchase vs. moving the money. The cost was paid from money market account and the funds will be put back into the money market account when they get them from trustees.
- The electric department expects to submit an RFP for North Ashland Road work by the end of August. The department is supplying wires and is currently doing work in support

of the project. They expect bids to be in by late September, and the work will start in December.

- Statements from VPPSA show that between March and September, they went from a negative to a positive cash flow and now have a \$76K credit. The goal is to build up credit balance to allow for the possibility of skipping a month of payments should the need arise. The cost per kW is \$0.035 less than last year.
- There is a new agreement with Water and Sewer to read meters for them. They will charge \$.38 per meter. It is not certain how long this price will be in effect, but as long as expenses stay where they are, the cost will not change.
- The department received a letter from DRA regarding an error in the warrant article for union contract. It includes a hand written note from town hall requesting that they amend the budget, which they have said they will not do.
- L. Nichols provided the RSA on depreciation, which says that they can have that item in their budget and will therefore put that back in next year's budget. The budget committee indicated that there will be no objections if there is a corresponding account that funds it to that level.
- A copy of the audit was provided to the budget committee.
- L. Nichols expressed a concern that electric department has been treated differently from the town or other departments. They feel that they were asked for and provided more information than other departments. The committee informed him that he has not necessarily seen the interaction with other departments and was assured that the concern is unfounded.
- A letter about renewable energy that will be going out with the bills in September was provided. The letter states that the electric department will not be adding charges to the bills for renewable energy as some electric departments in other parts of the state do.

Income: In general, exceeding expectations because of new contract. Electric income is down 18% from last year because usage is down but is still on track to meet the terms of the contract as to agreed purchase.

Expenses: Maintenance line may exceed budget because of two additional employees. Legal line expenses include Federal government issues connected with Dodd-Frank law. The customer meter line is higher because of purchase of needed supplies. Capital reserve expenses also include payment for new software. Insurance costs are paid as billed. Computer expenses are for upgrades.

**Public Questions/Comments:**

1. Does the department get rebates from VPPSA? The response was No.
2. Do the surcharges for North Ashland Road, route 175 residents cover the cost of the project? Response was not entirely and the town still contributes to the cost of the project.
3. Comment – The grant for radios are for EMD purposes, not electric department. Application is a FEMA form.
4. Comment - Water and Sewer has not voted on the proposal presented for radios, only to go digital.
5. M. Scrano expressed his hope that the town and the electric department explore any opportunities to obtain grant money.

### **Additional Discussion Topics**

- S. Felton has sent out to the committee proposed questions, based on an RSA, for the town treasurer. No additional questions were added. The questions will be sent to the treasurer for comment/response.
- In a conversation between Trustee Tom Peters and S. Felton, it was learned that the Trustees are not inclined to come before the Budget Committee but will respond to written questions. S. Felton will draft questions and circulate to the committee for review/comment.
- S. Felton has had discussions with DRA regarding various procedures for things such as reviewing funding requests for the Fire Department Roof. How does DRA determine if this is an emergency and what funds are actually available? Guidance was provided that says the DRA looks at undesignated reserves and will allow the town to use available funds down to 5%.
- Future meetings/schedule: It is important to solidify the schedule as we move into the budget season. The plan is to begin to collect narratives in October. The committee will communicate with department heads to reaffirm schedule and ask them to begin planning.
- Next meeting is scheduled for August 23 at Fire Department.
- Financial forum - trustees expressed a willingness and interest to attend. S. Felton will delegate responsibilities to committee members for planning. Plans will be discussed at the next meeting.
- S. Felton is getting information on best practices from DRA and other groups and will discuss with committee.
- A request that committee members review town audit was made. Questions for auditor will be formulated at the next meeting.
- S. Felton provided a summary of the first CIP meeting. He explained that the CIP is a Long-term process. The committee will be meeting the third Wednesday of each month. CIP should include utilities and school in the plan. Next meeting is August 22 at 6:30. The committee will put together a history of the town with respect to capital expenditures and will create a 10-year plan. The plan should help the budget process and budget committee.
- Financial forum - Trustees expressed a willingness and interest to attend. S. Felton will delegate responsibilities to committee members for planning. To be discussed at the next meeting.
- September budget and finance workshop Mark Scrano and Dave Toth are scheduled to attend. Sandra Coleman requested to go since it has been several years since she attended. Mardean Badger is also interested.

The meeting was adjourned at 8:39

Fran Newton, Volunteer Recording Secretary