

MUNICIPAL ADMINISTRATOR'S REPORT

The proposed budget estimates a General Fund balance on line 320 and proposes designation of the balance for specific purposes, including reducing the amount to be raised by taxes by \$30,000.00 (line 324). The Selectboard proposes to reserve the surplus as shown on lines 323 through 326: add to the Tax Anticipation Fund and Pearl St. Bridge Reserve Fund. If the town receives more Payment In Lieu Of Taxes (PILOT) and Current Use money than budgeted, it can also be used to further reduce taxes.

Eric Osgood notes in the Selectboard Report issues related to the budget. He covers these issues well, but one thing I offer is that after subtracting line items in our proposed budget that are funded by reserve funds (don't require current year taxes increase) and making the same comparison to last year's budget, there is a 1.39% increase.

Given the number of "big ticket" line items that grew well beyond the 1.39% 'real' budget increase (health insurance, Sheriff's contract, County tax, fire contract, general insurance, heat, fuels and oils, water sewer and electricity to name a few) you begin to see the magnitude of items the Board has already cut. We hope to be able to provide the same level of service, given the cuts.

The large increase in the amount raised by taxes is due to several related factors. Over the past four budgets the Selectboard has used year end surpluses (totaling \$316,500.00) to reduce the amount to be raised by taxes. We knew these surpluses would eventually be returned to the taxpayers and no longer be available to reduce taxes, but thought we had a least another year before that happened. With unanticipated spending in current year budget, a budgeting error related to reserving a prior year surplus to dedicate to Hogback Rd. (didn't "re-reserve" it out again the following year) and added Hogback costs, the cash on hand balance estimated for year end will be very modest. In addition, we have no significant grant funds to offset costs.

Without little or no year end surplus or grant funds to apply as a reduction against the amount to be raised by taxes, the choices are hard: increase taxes or cut essential services. The Selectboard opted to cut everywhere they could, with a goal of not having to cut services.

Hogback Rd: 2.43 miles of re-construction and paving has been completed. Total project costs are app. \$649,000.00 with a town share of \$218,789.00, or app 34% of the total cost. As mentioned, the total costs of the project consumed much of the cash on hand which has been used over the past several years to reduce the amount to be raised by taxes. That said, this road was completely reconstructed to a high standard, which we would not have otherwise been able to accomplish without the state and federal funds. It should provide good value for a lot of years if we employ reasonable maintenance practices.

The Capital Budget purchase proposed is replacement of the 1996 International 4900 dump truck. The Selectboard proposes a second tandem truck to replace it. A Capital Budget is appended to the Selectman's Budget,

which shows the sources of funding proposed for this purchase and the impact on the Reserve Fund. Since the total funds allocated from the Reserve Fund exceed \$50,000.00, the Board seeks your authorization, through approval of the budget (line items 272 and 40), to purchase this truck. The Board expects to again file an application with the Vt. Municipal Equipment Loan Fund.

A new 4300 (small) dump truck was purchased at a net cost of \$85,913.00 (\$112,913.00 less \$27,000.00 trade). The old truck was sold to the Village and will replace their old 1992 truck, which was a benefit to both town and village.

The Town was awarded its second Municipal Equipment Loan in the amount of \$84,685.00 for this truck. Payments will come from the Reserve Fund. By trading the 4300 on a five year cycle we realized good trade in value which helped offset purchase price.

The Highway crew completed a number of projects this year including re-decking Power House Bridge, Hogback Rd work, Crabtree Lane repairs, excavation work in the gravel pit to allow for the safe extraction of gravel and sand and Scribner Bridge repair.

Crabtree Lane was in danger of collapse due to a "rotation" of the underlying clay in the bank. This required major, costly excavation work which had to be contracted out as well as pavement.

We were informed by the State Bridge Inspectors that Scribner Bridge required an immediate repair or they were going to advise us to close it to traffic. Blow and Cote were hired to repair it for app \$8000.00.

Considerable excavation work was required in the Town gravel pit in order to allow excavation of gravel so it could be screened and processed. All of these items and some smaller ones contribute to the reduction of cash on hand estimated for the end of the fiscal year we are currently in.

As a testament to "Yankee" ingenuity, the highway crew designed and built a giant "leaf blower" mounted on the front of the grader to make fall grading easier and more cost effective. It blows leaves out of the road in advance of the grader, thereby reducing the number of passes the grader needs to make to, clears the road ditch of the leaves and makes for a better grading job. Kudos to the crew!

Pearl St Bridge is in Final Design stage and funding has been set aside from federal sources, but of course the costs have gone up astronomically from last year. We have to increase the Capital Reserve Fund again (by over \$60,000.00) to make sure we have our town match when it is built. It is possible the project could go out to bid in the fall of 2008.

Thanks to Rosemary, Anne, Jan, Sara and Lea for their help and assistance this year. You have a good and dedicated office staff who provides valuable service to the community.

Thanks also to the Selectboard for their support and to Steve Smith and the road crew for their hard work. Thank you for letting me serve as your Administrator. Duncan Hastings, Municipal Administrator