August Budget Committee Meeting

Tuesday, August 18th, 2026

4:00 PM

Present: Dorinda Crowell, Elias Gardner, Mark Harris, and Matt Rkiouak

4:00 Call to Order - Amendments - none offered

4:05 Other Business:

- Approve July Meeting Minutes - Elias moved to approve the minutes as written, and Dorinda seconded. The motion passed, 4-0-1.

Quick recap

The Budget Committee held their regular monthly meeting on August 18th to discuss a 15-year capital outlook analysis presented by Matt.

The committee discussed whether they should be funding assets differently compared to other towns, noting that while their borrowing patterns are similar to Calais, other towns like East Montpelier are starting to fully fund some projects. The discussion highlighted the benefit of pre-funding assets to eliminate tax rate uncertainty.

The analysis revealed that over the next 15 years, the town would need to spend at least $500,000 on interest costs alone, with total interest payments ranging from $1.03 to $1.05 million.

The committee discussed various funding approaches, including continuing current practices versus implementing pre-funding strategies to reduce tax rate volatility and create asset fund buffers. They agreed that a survey should be developed to gauge resident preferences on capital funding approaches, with plans to present the approach to the Select Board in September.

The committee also addressed the need to separate town/municipal tax impacts from upcoming property reappraisal impacts, to avoid confusion among residents.

Collaboration

- Review Matt's draft survey and provide feedback to ensure it is clear and concise for residents.
- Share the multi-year capital funding approach and the upcoming survey to the Select Board at the first meeting in September.
- Plan for early public forums in the Fall (starting in October) to engage residents on capital funding and increase understanding.
- Consider researching and implementing options for higher-yield investments for town funds, such as online banks or short-term (< 1 year) certificates of deposit.

Middlesex Financial Planning Discussion

Matt presented the 15-year capital funding analysis, highlighting concerns about high interest costs ranging from $1.03 to $1.05 million over the period, equivalent to about $100,000 annually or 5% of the capital.

He proposed considering pre-funding large ticket items to reduce budget variability and create a financial cushion for unexpected expenses like floods.

Matt noted that under current funding approaches, the town would need to spend at least $500,000 over the next 15 years just to cover interest and borrowing costs, and questioned whether the town should continue with the current variable approach or implement a steady budget to address these concerns.

Town Funding Options Discussion

Matt presented 6 funding models, which overall showed limited interest savings from incremental funding increases above the current annual allocation of $126K.

He explained that significant interest savings would only be realized if moving from current levels to around $530K, and noted that incremental step-up approaches over 15 years would not result in substantial interest savings, though it would begin to reap savings over a longer time horizon, like 30 years.

The discussion focused on finding a balance between making town costs more understandable to residents while addressing the current sensitivity to town tax increases, especially among older residents on fixed incomes, as noted by Dorinda.

Capital Asset and Equipment Funding

Mark mentioned the Capital Asset Fund and Heavy Equipment Fund, explaining that the initial allocation of $50,000 per year was based on what residents could afford rather than being scientifically determined. He noted that while the fund hasn't been utilized yet, it's now a good time to reassess the appropriate funding level.

Matt also highlighted that delaying equipment purchases due to budget constraints can actually end up costing more due to inflation, emphasizing the benefits of predictable funding for essential town needs.

Budget Analysis and Equipment Funding

Dorinda commented on the capital funding analysis, noting that while predictability is important, the current increases were not solely based on purchasing new equipment.

She explained that many budget increases this year were unrelated to equipment purchases and mentioned that interest rates had been historically low until recently.

Dorinda also highlighted that some equipment purchases, like the rescue vehicle and stone screener, were funded from the General Fund balance, rather than through new loans.

Equipment Funding and Budget Concerns

Dorinda's feedback on funding approaches for equipment purchases focused on the town's ability to fully fund large expenses and suggesting a 50% matching fund model for expensive items.

She explained that a proposed highway garage building project is unlikely to proceed due to wetlands issues, and mentioned potential future opportunities if the school building returns to town ownership.

The discussion also covered fire apparatus funding, with Dorinda noting that equipment (i.e., Fire Engines) has a longer useful life than currently noted in the Asset Inventory, and that the fire department has only handled 56 calls so far this year.

Town Bond and Investment Options

Mark asked Dorinda to talk about the town's bond options and interest rates. Dorinda noted that special flood rates were as low as 1.3% while regular rates ranged from 2.7% to 3.2%.

She observed that the town has not been investing money in higher-yielding market accounts and suggested exploring options.

Matt concluded by questioning whether the town currently has a reserve fund and whether the obligated funds could be better invested to earn higher returns.

Capital Funding Survey Planning

The group discussed capital funding options and agreed to create a survey to gather resident input on different funding approaches. They plan to present their revised approach to the Select Board in September and considered how to explain tax impacts to residents, particularly regarding the upcoming property reappraisal.

Next steps

Matt - Draft a simple survey on capital funding options, including information on current funding, alternative funding methods, and the impact on the town/municipal tax rate. Share the draft with the committee for feedback.

The next meeting was scheduled for September 15th at 4 PM.

Matt motioned to adjourn the meeting, and Elias seconded. The motion passed, 4-0-1.

The meeting adjourned at 4:49 PM.