

**Town of Readfield
BUDGET COMMITTEE**

**Minutes of Meeting
January 14, 2021**

The Readfield Budget Committee held a regularly scheduled meeting on January 14, 2021. Committee members present included Andy Tolman, Martin Hanish, Becky Lambert, Ed Sims and Ellen Schneider. Eric Dyer, Town Manager, and Teresa Shaw, Readfield Finance Director, were also in attendance. Due to the pandemic, the meeting was convened by ZOOM; information for public participation in the meeting had been posted on the Town's website, but no members of the public were in attendance.

The meeting began at approximately 6:30 pm. Tolman began by calling for selection of Committee officers: Chair, Vice Chair and Secretary.

Lambert offered and Hanish seconded a motion that Tolman continue his service as Committee Chair. The motion passed unanimously.

Hanish offered and Lambert seconded a motion that Schneider continue as Committee Secretary. The motion passed unanimously.

Lambert offered and Sims seconded a motion that Hanish serve as Vice Chair of the Committee. The motion passed unanimously.

Hanish reported that he had recently participated in a meeting with the Select Board about the formation of a Parks and Recreation Board for the Town. Such a Board might serve as a "super" committee under which all Town activities intersecting with parks and recreation would fall. Hanish represented the Budget Committee at this meeting. While it remains unclear whether or not another Board would be formed, those present at the meeting were enthusiastic about the notion of involving more people in recreational opportunities. This includes involving more residents in events like Heritage Days, engaging a broader swath of the Town's population and generating more enthusiasm for these types of activities. Budget Committee members agreed that strategies of gaining more engagement is important and several members indicated their willingness to do so.

Dyer then provided a brief orientation of a revamped Budget page on the Town's website. The page now includes information on how interested persons are able to become involved in the budget process - including how to participate in ZOOM meetings - the budget development schedule, and relevant documents. The page is intended to serve as a primary resource for Town residents to follow the budget process during a time when meetings are being conducted remotely.

Dyer then briefed the Committee on the performance of the Town's revenues, year to date. He indicated that revenues were better than anticipated and better at this point in the fiscal year than they were at the same point in the prior fiscal year. He specifically cited a substantial uptick in motor vehicle assessments as helping the revenue picture, as well as state revenue sharing coming in as originally planned. He added that while the picture looked good at present, there was still a good deal of uncertainty regarding the future. While the Governor's proposed budget holds the line on items important to the Town's budget like revenue sharing and the Homestead exemption, the state's revenue picture remains tenuous.

The Committee then turned to a review of the budget proposal for Department 10-10, General Government & Administration. Highlights of the proposal include:

- 10-30 Elections: There is a reduction in the budget for this line item for the coming year. FY21 was a presidential election year, which requires a greater level of investment. The Town had to make certain upgrades to the voting venue for the November election to protect voters and those supporting the voting process for the Town from the spread of COVID 19. The Town did receive a grant to make those investments, which will continue to be useful for elections

conducted this year and into the future. The budget for FY22 does not need to be as high as the current year's budget as it is an "off" election year.

- 10-78 Employee Recognition: This line item is reduced by about a third for the coming year as there are fewer 15 and 20 year employee longevity recognition awards in FY22 than there are in the current FY.
- 20-40 Personnel/Retirement: This line item is being reduced to align with actual expected liabilities
- 20-60 Wages: There is a slight increase in the amount budgeted for wages, due to an escalator clause in the personnel contract.
- 25-50 Select Board: The proposed budget reflects a 29% increase related to an increase in the amount paid for stipends to members of the Select Board. This includes increasing the base stipend from \$750 to \$1000, and including an additional \$500 stipend for the Select Board Chair.
- 40-80 Telephone: The proposed budget reflects a 21% decrease for this line item. With the exception of the phone in the elevator in Town Hall, all land lines have now been deactivated, with VOIP being used for calls, instead. This saves a bit more than \$1k per year.
- 50-20 Audit: The budget includes 7% or \$500 increase for the cost of the audit in the coming fiscal year, which will be the third year with the current firm. This increase was expected. Dyer indicated that there will likely be an RFP issued in the next FY for audit services, as it is good practice to move to a new firm after several years.
- 50-25 Computer Support: The proposed budget does not include any increase at this point in time. This is the budget line that includes the cost of support for the TRIO software used by the Town for its finance functions. Dyer indicated that it is possible that this line is somewhat over budgeted, but he is expecting that reporting updates may end up generating extra expense for the Town. Hanish encouraged Dyer to consider hiring a consultant with expertise in TRIO to design some custom reports that might make tracking and analysis easier and less time consuming for staff.
- 50-91 Household Hazardous Waste: This line item increases sharply in the proposed budget, from \$1100 to \$5000. This is due to the fact that Readfield this year, chose to stop participating in the annual household hazardous waste collection day sponsored by the City of Augusta and, instead, conduct a local collection day at the Readfield Transfer Station. This turned out to substantially boost participation in the collection effort. Dyer mentioned that even though this results in higher costs, it helps reduce the likelihood that hazardous materials are improperly disposed of.
- 50-95 Web Hosting: The proposed budget includes a 100% increase in the amount specified for web hosting. Dyer noted that this line had been under budgeted in the current year due to an oversight. The proposed budget should correct that situation.

Overall, the increase in Department 10-10, General Government/Administration is proposed to be 2.8%.

The Committee next considered the budget proposal for Department 10-12, Insurance. Division 15-20 includes an increase of 14% for health insurance costs. Dyer explained this is in part due to the rising cost of health insurance but primarily to the inclusion of insurance coverage for a full time Code Enforcement Officer. Most recently, Readfield has had a part time CEO who was not eligible for benefits. There has been considerable turnover in that position and it has been challenging to recruit a qualified individual without being able to offer full time employment with benefits. The Towns of Readfield and Wayne have agreed to share one full time CEO between the two towns. The total expense of the new position will be reflected in the proposed Readfield budget, along with revenues from the Town of Wayne included in the revenue budget to offset a substantial portion of the costs (half of the costs).

The budget also includes a significant increase (77%) in line 15-25, Reimbursement, which is the amount budgeted for employee HRA expenses. This reflects an increase in the amounts the Town will be putting into employee health reimbursement accounts to cover increases in out of pocket maximums in the underlying health insurance policy.

Divisions 15-60 - Unemployment and 15-80 - Workers Compensation are also increasing to align with actual liability. The Town has experienced some increase in unemployment and comp claims over the past year, which in turn, pushes up the cost of this coverage.

Overall, Department 10-12 is budgeted for a 20.6% increase.

The next departments considered were 10-15 - General Government/Office Equipment, Lease, Purchase, and 10-20 - Assessing. The proposed budget for these departments does not include any year over year changes.

Department 10-30 - Code Enforcement was reviewed next. This is the department where most of the costs related to the plan to hire on a full time CEO are reflected. These include:

- 10-80 Training and Conferences: This line is increased to \$500 to cover the expected costs of training a new CEO. Dyer noted that many of the applicants for this position have had little experience with this job and he expected that will continue to pose a challenge. The budget for training will help ensure the new CEO has a more solid grounding needed to do a good job.
- 20-20 FICA: This line shows an \$1800 increase related to the hiring of a full time CEO, who will receive a full time salary.
- 40-10 Cell Phone: This line increases to \$300 to provide a stipend for a new full time CEO, to cover the cost of a cell phone as part of his/her benefit package.
- 65-50 - Tools: The FY22 budget includes a modest amount (\$100) for tools for the CEO like tape measurers and so on.

Overall, there is a 78.5% increase proposed for the budget for Department 10-30. Dyer reminded the Committee once again that the revenue budget includes monies to be paid by the Town of Wayne to offset half of these costs.

The Committee then reviewed Department 10-40 - Planning Board and Department 10-50 - Appeals Board. The budget does not include any changes for these budget items.

Department 10-60 - Grants & Planning was next reviewed. Division 10-50 - Miscellaneous includes a substantial increase of \$10k. Dyer explained that this is where the budget for KVCOG support for the Town's mandatory comprehensive planning process is reflected. A similar amount will be budgeted in the subsequent year, as well. There was a brief discussion that this cost item might be better characterized as "consulting" as opposed to "miscellaneous."

Department 10-70 Heating Assistance reflects a budget increase for Division 40-60, Heating. Dyer explained that in the current year, the Town has now run through its supply of wood that it uses to help residents in need of supplemental heating assistance. Assistance is now being offered in the form of payment of fuel bills, the receipt of which is delayed and expected to come in early in the new fiscal year. The amount budgeted for this line - \$2500 (an increase of \$1k year over year) is intended to cover that assistance.

Department 10-75 - Attorneys Fees shows a substantial decline in budgeted amounts, falling by \$10k or almost 29%. Dyer explained that at least two on-going law suits involving the Town had now been resolved, reducing the need for the higher level of budget for this line item.

The proposed budget for all of General Government overall increases by 12.43%.

The Committee then reviewed the revenue budget for General Government. Notably, this budget as presented includes \$250k for state revenue sharing. The group discussed the advisability of budgeting for revenue sharing at this level, with Members expressing some skepticism that the amounts coming from the state would be that high. In the interest of crafting a more conservative budget proposal at this point in time, Dyer agreed to instead budget this line at \$225k. He noted that the amounts in the revenue budget for the real estate property tax, personal property tax and BETE were all, for the moment, simply placeholders. More solid numbers would be added later.

Revenue line 1021 is for Investment Income. That line is supposed to include only anticipated interest earnings from checking accounts; it is not intended to include any trust fund earnings. The line in the proposal had been misinterpreted as including both; Dyer indicated he would amend the line and bring it back to the Committee for review.

Motor Vehicle Tax revenue - line 1052 is projected to increase by 11%, year over year. Dyer noted that there has been a marked increase in the purchase of vehicles this year and he expects that will continue into the next fiscal year.

Line 1053, Agent Fees, is also projected to increase, in this case by approximately 33%. This is attributable to an increase in agents' fees from \$2 to \$3.

Line 1056 reflects a revenue expectation of \$500, up from \$0, for public notices. The Town has not charged for this in the past, and this change reflects the intention to charge residents who much provide legal notices for doing so.

Line 1095, Heating Assistance, is budgeted for a \$1k (67%) increase. This revenue is derived from the donation of bottles and cans at the Transfer Station and is used to fund heating assistance provided to residents in need.

Lines 5000 - Use of Undesignated Funds and 5001 - Use of Carry Forward Funds, are present as placeholders for the time being. As of the date of the meeting, only the Conservation Committee had submitted a budget that includes the use of some carry forward monies.

Line 5002, Overlay, is currently budgeted for FY22 at \$20k. This line covers tax abatements, which Dyer predicts will grow over these tough economic times.

With the General Government departmental review concluded, the Committee turned to Department 12 - Maintenance. Dyer noted that the planned ADA and other improvements at the Town Office, fire station and library have all been completed. Under 12-10, General Maintenance, overall there is budgeted a negligible 0.27% increase in expenditures.

12-10 - Building Maintenance is budgeted for an overall decrease in spending of 16.5%. This is attributable to several factors including a drop in heating costs, likely driven by the use of heat pumps by the library. The Committee and Dyer agreed, however, that it would be wise to increase the budget for 70-20, Elevator Maintenance, to \$2500, as the amount shown in the budget presentation represents only the base price of the maintenance contract. This change will not have a large impact on the budget increase for this department.

12-30 includes the budget for Vehicles and Equipment Maintenance. The overall budget for this category is scheduled to decline by about 4%. Savings in this category are related to a decline in fuel costs and increased mileage related to the purchase of a new, more efficient pick up truck. There is some funding included for minor repairs to equipment like the Bobcat. tractor and mowers.

The revenue budget for Maintenance is immaterial.

The final category of budget to be reviewed at this first meeting was 80-10, Regional Organizations. This includes the budget line for Cobbossee Water District. This budget is projected tin increase by almost 2%, which is consistent with the projections from the Water District. Dyer reported that the District would not be completing its own budget and set allocations until some time in March.

The other budget item in this department is 80-40, First Park. There is no year over year increase budgeted for this, with a flat \$25k included as expense.

The corresponding revenue budget for regional organizations includes an increase of \$10k in revenue from the First Park investment, increasing from \$15k to \$25k, and representing break even for the first time in the history of the investment.

The budget line for Kennebec County Tax (81-20), is projected to increase by 3%, but at this point in time, this remains a placeholder.

With this item, the review scheduled for this meeting was concluded. Tolman reminded the group that the next meeting is scheduled for January 28, 2021 at 6:30 pm.

The meeting was adjourned at 8:15 pm.

Respectfully submitted,

Ellen Jane Schreier