

**Town of Readfield
Budget Committee**

MINUTES OF MEETING

March 11, 2021

Approved 04-01-2021

The Readfield Budget Committee held a regularly scheduled meeting on Thursday, March 11, 2021. Because of pandemic-related restrictions on gatherings, the meeting was held via ZOOM; interested members of the public were able to join the virtual meeting using credentials posted on the Town's website. Committee members in attendance included Andrews Tolman, Chair; Ellen Schneider; Rebecca Lambert; Ed Sims; and Martin Hanish. Eric Dyer, Town Manager and Teresa Shaw, Finance Director, were also in attendance.

Tolman called the meeting to order at 6:35 pm. The first order of business was consideration of draft minutes for the meeting of February 4th. Schneider noted that the two typos appearing in the draft minutes had been corrected.

Lambert offered a motion to approve the minutes, as corrected; Sims seconded the motion, which passed unanimously.

Tolman noted that the primary objective for the meeting was to review the "fine tuning" done to the budget proposal by Dyer since the Committee's last meeting. He added that the group would also be asked to consider some general borrowing guidelines suggested by Hanish.

Dyer reviewed the changes made to the budget proposal since the group's last meeting on February 4th. These changes were made in response to feedback provided by the Committee and the Selectboard, as well as new information related to expected cost of particular budget items becoming available. He began his review by noting that the proposed budget for ambulance services had been increased from \$35k to \$38.1k, based on the latest projections from Winthrop EMS.

The second item was the revision of the Administration Technology Capital division to \$5k. This amount – which represents a downward adjustment from the most recent prior draft budget – reflects an amount needed to secure consulting services to continue exploration of the community broadband initiative. The Committee discussed if this funding was more properly budgeted as an operational cost, as opposed to a capital cost. Dyer agreed to move the funds to the operations budget.

Hanish noted that \$5k is not likely to "buy" any considerable amount of consulting support, as this type of expertise is costly and complex. Dyer explained that the Town would be continuing to consider development of a broadband initiative slowly and deliberatively; thus, he believes this amount is appropriate for the coming year.

An additional \$4k was added to the publications line. Dyer explained this additional amount is intended to improve the Town's communications with the public regarding projects, initiatives, and so on, with the objective of improving engagement and enhancing transparency.

An additional \$15k is reflected in the budget for salt purchase. This adjustment reflects, in part, the rising cost of salt used to treat roads. It is also reflective of a decision to alter the sand:salt mix that will be used to treat Readfield roads, with the ratio of salt to sand increasing to make the treatment more effective both practically and financially.

\$20k has been added to the Parks and Beach budget. This amount is intended to cover the cost of developing a Master Plan for improvements at the Town beach. As discussed at the joint capital planning meeting between the Selectboard and the Budget Committee, there is a great deal of interest in improving this town asset. Investment in the development of a deliberate and carefully considered plan for these improvements will help ensure the best use of the asset and allow for careful budgeting for the implementation of those improvements.

Dyer then called the Committee's attention to the proposed budget line for capital bonding, which has been adjusted from \$250k – which had been characterized as a placeholder – to \$395k. \$250k of this total is intended to cover the costs associated with installing a sprinkler system in the fire station, as well as installing egress from the second floor of the library. The balance - \$145k – will cover the cost of paving projects currently scheduled for 2023/24, which will be moved up in time to take advantage of favorable borrowing rates. These paving projects are part of the Town's roads' plan, but now can be accomplished earlier than originally contemplated.

Sims asked about the possibility of also including paving at the Transfer Station in a bond package. Dyer explained that as a shared, multi-town facility, the Transfer Station has its own capital budget and pool. He reminded Committee members that the current debt load of the Transfer Station precludes borrowing for improvements there, in the short term.

There was a brief discussion regarding the use of bond proceeds to cover the cost of interior improvements like painting, on the second floor of the library. It is understood that these improvements are desirable, but some members of the Committee object to funding this type of expense using bond borrowing, particularly as this work was not contemplated as part of the original project undertaken with the proceeds of a prior bond borrowing. Dyer noted that it was likely that the \$250k "earmarked" for the fire station and library projects would not allow room for the interior improvement work. He agreed, though, that it would be more appropriate to fund this type of project through operations. The library does have some reserves, which might be used to fund some of this type of cost.

Hanish asked about the possibility of paving the library parking lot this coming year, using the same borrowing vehicle. He also noted that the ramp into the library entryway needs to be replaced to appropriately ensure accessibility to the building. While Dyer agrees that the lot needs paving, he believes it is more appropriate to push that project beyond this coming fiscal

year. He agreed, though, to include construction of a new ramp in the capital project contemplated for the upcoming borrowing, should the initiative be approved by the voters.

An additional \$50k has been added to the Roads Operating Reserves to offset costs in the roads operating budget (there are currently \$100k in reserves). This seems to be a sound strategy to help balance the budget. By moving up the paving projects from 2023/24, there will be less likelihood of failures that require emergency interventions, easing the potential need for reserve funds.

The budget proposal for Contingency funds has been adjusted upwards from \$25k to \$50k. Dyer explained that this is a temporary adjustment that reflects the expected cost of salary adjustments currently under consideration by the Selectboard. A salary survey has revealed that Readfield pays certain of its skilled employees far below market rates. This makes recruitment and retention more challenging. The Selectboard is scheduled to consider increases to several lines, at a meeting set for March 15th. Should the Board approve those changes, Dyer will reallocate the monies in the Contingency line to the specific salary budgets in the impacted departments. In other words, the addition to Contingency funds of the \$25k in the most recent iteration of the draft budget simply allows the Committee and the public to see the bottom line impact of the addition of this funding to the overall mil rate. It is a matter of convenience and expediency for consideration of the overall budget at this meeting.

Overall, the changes reviewed by Dyer result in a year over year decrease of 11% in the mil rate. However, 10% of the change is related to the 10% across the board adjustment to valuation rates that had to be made in order to bring the Town into alignment with state valuation rates.

Lambert advised the group that at present, the increase in the school budget is 2.75%. The school board hopes to be able to reduce that but is still in the midst of its budgeting process.

The Committee then discussed the use of debt and borrowing as part of a municipal budget. Hanish shared some general guidelines he obtained from the Government Finance Officers' Association. These guidelines are:

- The town should have a formal policy regarding the issuance of debt.
- Long term debt is a useful tool for addressing current capital improvement needs with the budget impact spread over a number of years. The term of the bonds should not exceed the useful life of the assets/improvements.
- Availability of long-term debt at reasonable interest rates should not be used for projects that are not critical to the town's wellbeing.
- The Town should maintain and annually update integrated multi-year capital investment and accumulated debt forecasts (Eric does a great job with this, just think it's important to note).
- The budget impacts annual debt service requirements should be kept reasonably level, so as to avoid swings in costs and resulting tax rates from one year to the next.

The Committee members expressed general support of these guidelines.

There followed a brief discussion regarding how best to visually present the current and contemplated capital needs of the Town. Dyer currently uses a bar graph to display the bonded obligations. These graphs are an easy to read and easy to understand depiction of debt load faced by Readfield. Hanish suggested that it would be helpful to add to outlying years the potential impact of borrowings being considered as part of any budget discussion. Dyer agreed and told the group that he and Shaw have been thinking through ways to visually convey that type of information.

Hanish offered a motion in support of the proposed \$395k bond borrowing contemplated in the latest iteration of the budget proposal. Lambert seconded the motion, which was unanimously approved.

The members of the Committee also expressed their consensus of support for the current draft of the budget, generally. Dyer was asked to convey that sense to the Selectboard.

The next meeting of the Budget Committee will be on March 18th at 6:30 pm, when the first public hearing on the budget will be held.

There being no other business, the meeting was adjourned at 7:42 pm.

Respectfully submitted,
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