

**Town of Readfield
BUDGET COMMITTEE**

**Meeting of January 27, 2022
MINUTES**

The Readfield Budget Committee held a regularly scheduled meeting on January 27, 2022. Due to the ongoing pandemic, some members of the Committee participated in the meeting in person at Giles Hall; others participated remotely via Zoom. Members in attendance included Andrews Tolman, Chairperson; Ed Sims; and Ellen Schneider. Martin Hanish and Rebecca Lambert were not able to attend. Also attending were Eric Dyer, Town Manager and Teresa Shaw, Finance Director for the Town.

The meeting was convened at approximately 6:30 pm and the first order of business was consideration of the draft minutes of the January 13th meeting. Dyer provided clarification on one of the issues raised regarding the minutes, explaining that the contractual adjustment of 2% cited in the context of wage increases would be required to be implemented if base wages were not otherwise increased to certain minimum levels. This increase does not constitute a COLA and, because the Selectboard has otherwise elected to increase wages beyond a contractual minimum, this further 2% adjustment is technically discretionary. With this clarification, the Committee members were ready to consider adoption of the minutes.

**Sims offered a motion to accept the minutes as drafted; Tolman provided a second.
The motion was passed without objection.**

The review of the proposed FY23 budget then resumed. The first department to be reviewed this evening was Department 40, Protection, as Chief Mank was present at Giles Hall for the meeting. Dyer told Committee members that Mank has informed him that he has worked diligently to keep the fire department budget (40-10) as flat as possible, understanding that there are future expenses the Town will soon face in this department.

40-80 – Utilities/Telephone – this budget is proposed to increase 17%, but that equates to \$100. The adjustment is intended to better align the budget with historical experience in this line item.

50-42 – Contract Services/Pump Testing – the proposed budget does not reflect any adjustment for the coming fiscal year. Chief Mank, however, recommends that this line be adjusted upward to \$5500 (from \$3000) to reflect the increase in service costs the department is experiencing. Dyer indicated he would make that change.

60-30 – Fuel/Oil, Equipment Operation – this line item shows no adjustment in FY23 for the line item. Dyer and Mank agreed, however, that the line could be adjusted downward from \$3000 to \$2000.

60-74 – Personal Protective Gear – This line was not proposed for any adjustment for FY23. However, Chief Mank requested that the line be increased from \$4000 to \$5000, to reflect steeply rising costs for jackets and pants for the volunteer firefighters. While the department does its best to maintain the protective gear, it does wear out and it is sometimes necessary to purchase new gear for volunteers joining the force, when no suitable pre-used gear is available for their use.

40-20 – Ambulance – The proposed budget is currently estimating a 10% increase in the cost of ambulance services, which is provided by Winthrop EMS. Dyer told the Committee that this adjustment represents his best guess and could be low, given the challenges Winthrop's service is facing.

40-40 – Dispatching – The proposed budget reflects an approximately 9% increase in dispatching fees. Dyer explained that this figure is a placeholder; we will not know the final figure until the Town of Winthrop provides it. However, Dyer is aware that Winthrop's costs are increasing, so he anticipates this level of increase in the cost of services provided to Readfield.

65-35 – Capital Communications/Protection/Emergency Operations – This line is budgeted to increase from \$500 to \$1000 for the coming year. The increase is intended to cover the cost of needed upgrades/purchases to refresh the Town's emergency communications equipment.

There was a brief discussion with Chief Mank and Dyer regarding the wage rate for volunteer fire fighters, which has been increased to match the increase in the wages the Town pays employees. Mank noted, though, that call volume has been down during the pandemic – declining almost 20%. This results in lower spending since there are fewer call outs to house fires, car accidents, etc. Mank did note, however, that EMS call volume is now starting to increase a bit.

Overall, the change in the expense budget for the Protection Department is relatively small. Although an attempt was made to keep the budget flat, adjustments requested during this meeting will result in an increase in overall expense. The revenue budget for the protection department was reviewed. The proposed budget shows no material changes from the current budget. It was noted that there is no longer a fee charged for burn permits, so no revenues should show in that line.

Although the budget for capital expenditures will not be taken up until later in the Committee's review schedule, Chief Mank agreed to brief members on the need for a new fire truck. He reported that a new truck was spec'd out a couple of years ago, but the purchase was put on hold in favor of the remodeling of the fire station. The price of the new truck as designed was \$450k - \$500k; Chief Mank does not expect that price to have changed much. He told the Committee that once ordered, the truck would be expected to be delivered in a year's time; he does not see supply side issues interfering with that timeline. When asked about the possibility of Readfield getting a donated truck from Massachusetts, Chief Mank informed the Committee

that donation had not been moved forward and we should not count on that. The truck that needs to be replaced is from 1988 and is approaching the end of its useful life.

The review moved on to Community Services, beginning with 25-10, Animal Control. Wages for this division are showing a decrease. Dyer explained that when the Town has a full-time employee serving in this capacity, the Town pays both wages and a stipend. This position, though, has been moved to a part-time position and is non-union, resulting in no stipend pay. This, in turn, reduces personnel costs.

40-10 – Cellphone – This budget line is increasing to \$550 as the Town is now supplying the Animal Control staff person with a cell phone. The budgeted amount represents the annual cost of the phone.

50-61 – Rabies Clinic – This line item is proposed to drop by 50% to \$500. The Town is shifting from conducting two clinics per year to only one. This change in scheduling reflects a lack of participation in the second annual clinic.

25-50/25-25 – Kennebec Land Trust and KVCOG – These line items have not yet been entered, as the information has not yet been made available by these organizations to the Town. Dyer commented, however, that he does not expect the budget for these items to change materially.

25-30 – Age Friendly – The proposed budget shows a decline of \$100, reflecting a zeroing out of the advertising expense, which is no longer necessary.

25-40 – Library – The proposed budget reflects increases in expenses associated with Library Administration of 103% (\$1000). Dyer was not immediately able to explain that increase and no representative of the Library was in attendance. Dyer will raise the question with Library personnel and bring the issue back to the Committee at a subsequent meeting.

25-40 – Wages/Library – The wage expense for the Library is showing an increase for combined wages, FICA and retirement of almost 24% or \$6500. This increase reflects the increase in the Town's wage rate as well as the necessity of paying the Librarian's full retirement, as she is now close enough to a full-time employee to trigger that obligation.

25-50 – Public Access TV – This budget item includes a small adjustment to wages and FICA (-\$540) to reflect a drop in volume of broadcasted meetings. Dyer noted that the technician who operates this service for the Town is phasing out and will transition the position to someone new. This transition involves some investment in more sophisticated digital equipment to ensure smooth operations. That investment will be reflected in the capital budget, to be reviewed at a later date.

65-30 – Equipment/Public Access TV – There is a proposed increase of \$1000 on this budget line to reflect the anticipated cost of purchasing some cables and splitters for the broadcasting system.

25-60 – Street Lights – The proposed budget includes a marked decrease – 81% - in the appropriation for this line, which equates to \$3250. Dyer explained that the costs associated with the new LED lights is even less than expected when the conversion project was implemented. He added that the Selectboard had approved adding five more lights in the current fiscal year and might consider adding more in FY23. Chief Mank, who was still in attendance, suggested a light be placed at the boat landing. Dyer pointed out that the landing property is owned by the state, but he could approach them about installing a light at that site.

25-70 – Broadband – Dyer pointed out that this initiative remains very much unsettled. He did review the budget figures here, as a question regarding them was raised by Hanish prior to the meeting. Dyer reported that the \$48k current year expense was a one-time cost, related to a commissioned study. The costs for the line item drop back to zero in the proposed budget, as no operating costs are expected in FY23. At the same time, if the project moves forward, there may be capital costs related to the initiative, but those would appear in the capital budget.

25-90 – Maranacook Lake Dam – Utilities costs for this division are projected to increase by approximately \$130; this will bring the budget in alignment with actual experience. There is also a small increase (\$200) for building maintenance, reflecting Readfield's share of these costs. At the same time, there is a budgeted decrease of \$250 for contract services, due to a decline in expected needs at the dam over the coming year. Dyer did tell the Committee members that any needed repairs would be reflected in the capital budget, although major repairs are likely somewhere down the road in terms of time.

Overall, the Community Services budget is projected to decline by almost 8%.

The budget for Community Services revenues has been adjusted to better align with actual experience and overall, and currently reflects an almost 5% increase. There is a decline in rabies clinic revenues, which corresponds to the reduction in expense that will come with cutting back to one clinic per year. The budget does, however, include grant revenue for the Age Friendly initiative, which likely should be removed as it far exceeds the expense for that division. Removing this item will impact the bottom line of this revenue budget.

The next department to be reviewed was 50-10, Cemeteries. Tolman, who is a member of the Cemeteries Committee, presented an overview of that budget request.

50-35 – Stone Repair – This line item shows a 100% increase - \$3k – for needed repairs to headstones. The money to fund this work will be drawn from the perpetual care reserve fund, as the work is for stones subject to perpetual care.

65-20 – Software – Tolman told the Committee that this line item should be zeroed out, which is decrease of \$8k. He explained that Committee members had found a way to map plots by adapting currently owned software, so there is no longer any need to purchase the specialized software contemplated in the budget for the current year.

70-40 – Grounds Maintenance – This line includes a 33% increase (\$500) to cover the cost of expected maintenance.

Overall, the Cemeteries expense budget shows a decline of 14% or \$3200.

There is no change in Cemeteries revenues. Dyer pointed out that the funding from the Perpetual Care Reserve Fund shows up under Administration/Trust Fund revenues, rather than in the Cemeteries revenue portion of the budget. The consolidation of all trust/reserve funds under Administration occurred several years ago.

The final department to be reviewed during the meeting was 70 – Solid Waste. Dyer pointed out that the wages and related costs (FICA, retirement) were increasing in this department as they were in other Town departments, due to the increases in base wage rates.

The contract services budget shows an overall increase of just over \$1k. However, individual lines show more variability. 50-81, Hauling, is showing an increase of 10.5% or \$4k, reflecting expected actual experience. Some other tipping lines are also showing increases. Waste Management is the dominant provider in this sector and that company is dictating prices. Dyer noted that the hauling contract will be bid out, but because of the market imbalance, he expects WM to continue to drive up prices for these services.

50-82 – Single Sort Tipping – The FY23 budget shows a zeroing out of this expense line, a reduction of \$12k. Dyer informed the Committee that single sort recycling seems to have recovered and the Town is now covering the costs associated with this service.

70-60 – Maintenance/Solid Waste – This line includes an increase of \$10k (400%) to cover the costs of needed concrete repairs at the Transfer Station, as well as a number of other projects like lighting improvements and electrical upgrades.

60-55 – Backhoe Maintenance – Dyer pointed out that this line is remaining flat for the coming year. He attributes this to diligence on the part of Transfer Station management, who is doing an exceptional job maintaining equipment.

Overall, the Solid Waste expense budget is slated for a \$20.5k increase, which is 6.3%. The corresponding revenue budget reflects an anticipated 3.1% increase in revenues, which equals almost \$25k. Dyer noted that there is an increase in revenue for scrap metal as well as single sort recycling; other revenues are generally expected to hold steady. Both Fayette's share and Wayne's share of expenses are increasing, though Readfield's share is increasing at a more rapid pace. The expense allocations are based on valuations and the increase in Readfield's valuation is outpacing that of Fayette and Wayne.

Dyer mentioned that Hanish had raised a question prior to the meeting regarding monies in the Conservation Land Fund; he was concerned they were not reflected in the Trio document. Dyer pointed out that these reserve funds show up under capital and added that he does plan to

propose adding an expenditure of \$50k for the conservation of open space, to be funded out of that reserve, prioritizing recreational spaces.

The group then turned to a brief review of the first draft budget presentation prepared by Dyer. He noted that the Town budget will reflect substantial shifts in revenue. This is an artifact of the approach the Town has taken to budgeting over the past two years. That approach has been to be extremely conservative both in constructing expense budgets, but also in estimating revenues. Readfield received a substantial amount of one-time relief funding that helped alleviate our fiscal picture this year; that stream of funding, however, has ended.

The uncertainties presented by the pandemic demanded that level of conservatism, but the economy as well as state and local revenues have outperformed expectations over the past year. Dyer added that last year, the school district turned money back to the municipalities; Readfield put those funds into reserves. Taken together, it seems reasonable to now adopt a less conservative budget outlook for the coming year.

On the expense side of the ledger, though, costs are rising. An increase in the RSU budget of between 6% and 8% is likely. As discussed earlier, Readfield will bear a greater share of that increase than other towns in the RSU, as our valuations are increasing at a faster rate.

Taken together, Dyer is currently estimating that our budget is headed for an overall increase of about 8%, or \$277k. In formulating his recommendations for funding that increase, he is weighing offsetting a portion of the increase out of reserves, but some of the increase will likely come from an increase in the mil rate.

The next meeting of the Budget Committee is scheduled for Thursday, February 3, 2022.

There being no other business, the meeting was adjourned at 7:45 pm

Respectfully submitted,
/ejs/

Duly adopted on February 3, 2022