

TOWN OF READFIELD
BUDGET COMMITTEE

January 25, 2018 – Minutes of Meeting

The Town of Readfield Budget Committee held a scheduled meeting on Thursday, January 25, 2018. Committee members in attendance included: Andy Tolman, Chair; Pete Davis; Val Pomerleau; Marty Hanish; and Ellen Schneider. Eric Dyer, Readfield Town Manager and Teresa Shaw, Readfield Finance Director, were also present. The meeting was convened at approximately 6:35 pm.

The first item of business was a review of the draft minutes for the meeting of January 18, 2018. Several corrections to that draft had been incorporated into a final version of the minutes, before the Committee for review and acceptance. *Davis offered a motion to accept the final version of the draft minutes. Hanish provided a second and the motion was passed unanimously.*

The Committee next considered the proposed budget for the Conservation Department, Department 15-30. An overview of the budget proposal was presented by Bruce Hunter and Jerry Bly, members of the Conservation Committee. The first budget item in this department is 10-40, Publications, which is proposed to be flat funded at \$700. These funds are to be used to complete the mapping and printing of maps for the vernal pools project, which was started a number of years ago. This is the only budget line in Department 15-30 that would be funded by public tax revenues.

Hunter and Bly then reviewed the remaining budget items for the Department. These remaining items are to be funded out of the Readfield Conservation Land Account – which derives its funds from the management of the Town Farm property – and/or through fundraising efforts. The RCLA is projected to have a balance of approximately \$51,500 going into the next fiscal year.

Object 55-60, Town Forest includes an allocation of \$175 for payment of property tax for the Town Farm to the Town of Wayne. Conservation Committee members noted that the tax for the current year was actually \$221.80, so this budget line will be corrected to reflect that amount.

The budget proposal includes \$300 from the RCLA for signage at the fairgrounds. It also includes the use of \$7,469 from the RCLA to provide match for a grant of \$30,517 from the Maine DOT's Recreational Grant Program. This competitive grant was awarded to Readfield in December 2017. Grant activities will include the replacement of three bridges in the Fogg Farm Conservation Area and the Torsey Pond Nature Reserve, as well as the replacement of the viewing deck in the Torsey Pond Reserve, as they are now 15 years old and are deteriorated to the point of posing a safety hazard. Grant funds will also be used to expand the fairgrounds parking lot, re-routing the trailheads at the parking area to reduce the movement of pedestrians across the parking area, mitigating that safety issue.

The \$7,469 budgeted from the RCLA represents Town match for this grant. Additionally, the Town maintenance budget includes \$2,000 (to be paid from public tax revenues) to support project activities. Finally, another \$3,900 in in-kind labor will be provided as match for the grant funds. In total, the project

will cost approximately \$44,000. Hanish noted that the budget does not reflect the substantial amount of volunteer time and effort that goes into work of the Conservation Department's projects.

The Conservation Department budget proposal also includes \$8,000 for work at the Mill Stream Dam, including the installation of railing to promote safety at the site (\$7k), as well as the installation of signage and bench at the dam. These funds, totaling \$8k, will be financed by a combination of grant monies, donations and fundraising.

It was reiterated that the only public funds included in Department 15-30's proposed budget is the request for \$700 for GIS mapping and printing. Conservation Committee members pointed out that that expense would be paid for out of the Department's carry forward funds, so no new monies would be required in FY2019.

After thanking the Conservation Committee members for their participation and presentation, the Budget Committee turned its attention to the budget proposal for Department 10, General Government, which was reviewed by Eric Dyer.

The Committee first reviewed the Administration Sub-Department of General Government. 10-45, Memberships is proposed for flat funding of \$4,200. This expense category includes the Town's membership dues for MMA, as well as dues for affiliate organizations for Town Clerks, Tax Assessors and so on.

10-77, Selectboard is proposed for funding at \$3000, \$1,000 more than the prior two years. Eric explained that in the coming fiscal year, all of the members of the Selectboard are to be provided with tablets to be used to facilitate their work. Use of tablets will ensure that each Member has a common platform through which they may receive and store Selectboard-related email communications, documents, and so on, which will, in turn, help ensure accountability of Members to the public. These tablets will remain Town property and will be passed on to new Members as cycle on and off of the Board.

10-20, Attorney Fees, is proposed for funding at a level of \$12k, which is \$3k lower than FY2018. Eric explained that in developing the prior year's budget, there was an acknowledgement that the Town would be involved in a litigation matter; there is no such matter pending currently and Eric feels comfortable proposing the lower level of funding. One member of the Committee noted that if a legal matter arises that necessitates Town spending in excess of the budgeted amount, additional monies are available in the Contingency Fund to offset such an expense.

10-30, Elections is also proposed for funding at a level that is a third lower than in FY2017 - \$4k. Eric explained that the smaller amount is appropriate given that FY2019 will not include a Presidential election and even though there will be a gubernatorial and Congressional elections, it will be a "smaller" election burden for the town, justifying a smaller budget.

10-78, Employee Recognition funds small tokens of acknowledgement for employees reaching 5, 10, 15 and 20 years of employment with the town. This recognition is intended to boost morale and encourage longevity in employment. This budget item is proposed for flat funding at \$1,500.

The Committee then moved on to a review of the personnel budget for General Government. Eric noted that wage costs have gone up by about 3.5%. This budget covers the employees of the Town Office

including the Town Manager, the Finance Director, the Town Clerk and the Collection Clerk. Eric explained that the Town Manager's contract calls for an increase in salary tracking a COLA which, for this year is approximately 1.8%. Employees covered by the collective bargaining contract have fixed contractual year over year increases of 2%.

20-40, Mileage, reflects a reduction in funding level, with a proposed amount of \$200. This reduction reflects the fact that Eric does not drive and, thus, incurs no mileage costs.

20-40, Retirement, is proposed for funding at a level immaterially higher than current year levels, \$11,310. The Town's contribution to retirement varies from one employee to the next. The current contract for represented employees calls for a 5% contribution rate, but there are employees in this unit who are grandfathered in under the terms of a prior contract who may receive a high contribution rate from the town. Employees are required to provide match to draw down the Town's contribution.

There are three types of Town positions that receive stipends: Constable, Health Officer and Selectmen. The budgeted amounts for these stipends are proposed for flat funding, with all three line items totaling \$4,550.

40-80, Utilities/Telephone, is budgeted at an approximate 21% increase, \$5,700. This reflects the fact that the over the past two years, this line item has consistently run ahead of budget. The amount proposed for FY2019 is based on the trend in the current year and actual experience in FY2016.

The first item reviewed under Contract Services was 50-15, Restoration of Records. This item is zeroed out for the coming year, a reduction of \$2k over the current year. Eric noted that the project to restore records has now been completed, negating the need for this budget item next year.

50-20, Audit, is proposed for funding at \$5,500, which is \$500 higher than the current year's funding. The Town has used the same auditor for the past five years and, consistent with best practices, is currently soliciting proposals for a new auditing firm. The current firm has held its prices fixed for the past several years, so it is reasonable to anticipate that a new firm will come in with somewhat higher quotes.

50-25, Computer Support, is currently proposed for funding at an amount of \$7k. This is almost 13% higher than the current year's budget and reflects changes that will have to be made in the accounting platform. Implementation of these changes is necessary to maintain the Town's accounting software and will involve both one-time costs (approximately \$2k-\$3k) and increased annual fees moving forward. Eric cautioned that at this point in time the \$7k figure is an estimate which may, in fact, be low.

50-91, Household Hazardous Waste, is proposed for a reduced appropriation of \$1,250. This lower request reflects an attempt to correct for an historic tendency to over budget for this cost item.

50-95, Web Hosting, is also budgeted at a slightly lower level. Eric noted that in a couple of years, this budget item will decline even further. When the Town website was redesigned, the Contractor agreed to spread the development costs over several years to dampen the hit on Town budget. In two years, this cost will be paid off, and the on-going hosting costs will be all that needs to be reflected in this budget line.

The next item of discussion was Department 10-12, General Government Insurance. 15-20, Health Insurance, was the first category examined. Eric and Teresa provided background information on the

Town's employee health insurance program, which is projected to have about a 5% increase in expense in the coming fiscal year. The budget request for this item is \$88.5k; the current year budget is \$84.2k. Eric reported that the employee health insurance benefit design does incorporate a deductible; certain employees receive a \$700 subsidy that may only be used to offset out of pocket health care costs.

15-80, Workers Comp, reflects an increase of about 8.3%. This higher funding level is due to an increase in premium. The increase in premium is, in turn, related to the fact that there have been several worker injuries claimed against the coverage in the recent past.

With the review of insurances completed, the Committee turned to Department 10-15, General Government/Office Equipment. While budget for postage and maintenance remains the same in FY2019 as in the current year, 65-10, Computer Equipment, is proposed for a \$250 increase at a total of \$1k. This budget item is intended to cover the cost of replacement of computer workstations. The group had a discussion regarding the age of the computer inventory at Town Hall and the importance of keeping the average age of that equipment at an appropriate level, to avoid having to replace a large number of workstations all at once. There are currently 8 workstations, 2 of which are relatively new. The budget proposal is intended to cover the cost of replacing 2 additional workstations. Eric agreed to look at the current inventory to evaluate if more workstations need to be replaced in the coming year and will come back with a revised budget figure, if necessary.

Assessing, Department 10-20, was the next Department to be reviewed. The proposed budget calls for a 20% increase in the amount appropriated for budget line item 50-10, Assessing Agent. Eric told the Committee that the Assessing Agents are in high demand and short supply, driving up the cost of their services. Readfield was in need of a new Assessing Agent and the Agent selected charges \$1,200/month for 2 days per month of work, the minimum required just to ensure matters stay on track. The contract with the current Agent runs through this coming September and thus crosses budget years.

It was noted that this budget line relates only to the cost of the Agent's services. There is a special reserve fund (which currently holds about \$75k) set aside to save money for the next revaluation. It is estimated that that revaluation will cost upwards of \$150k, but is likely still ten years off.

This Department includes \$7,181 in personnel costs. This funding covers the costs associated with the Code Enforcement Officer's support of the Assessing function. Eric noted that the balance of the personnel costs for the CEO may be found in Department 10-30.

The Committee briefly discussed an issue that arose at the meeting last year convened to solicit public input on the proposed FY2018 budget. That issue related to perceived differentials between shorefront and interior properties' valuations, with the notion raised that interior property owners were subsidizing shorefront property owners. Eric informed the Committee that this notion is unfounded and incorrect – no such cross-subsidization occurs in Readfield, and our valuation levels are very close to 100% of the state valuations.

Department 10-30, Code Enforcement, was then reviewed. As noted earlier, this department's budget includes personnel costs (\$37,215) for the CEO related to the CEO's work apart from his support of assessing activities. These costs are slightly higher than they are for the current year due to a small (2%) increase in wages.

Department 10-60 is General Government/Grant Writing and Planning. This Department includes a request for \$2k, which is a 50% decline over the present year's funding level. Eric explained that he does not believe we will need to spend as much next year in the category. He added that the Town does intend to purchase a GIS mapping device to enhance mapping capabilities. Mapping has become an invaluable tool, facilitating tracking of land parcels and even monuments and grave stones. Eric and Teresa noted that this item might be funded from reserves, rather than from General Tax Revenues.

Department 10-70, Heating Assistance is proposed for flat funding of \$1,500. It was noted that there have been no expenses charged against this line item, with one member questioning why it is that the Town does not seem to be providing any assistance to residents. There was a short discussion of strategies the Town might adopt to make it easier and less intimidating for needy persons to request assistance. It was also noted that the wood pile at the Transfer Station, which is intended for persons needing help with wood burning, might be better advertised. Eric indicated he would take these suggestions under consideration and would explore how to improve this situation. He also noted that this budget item is funded entirely by donations; the revenue is derived from bottles returned at the Transfer Station and by individual donations.

Department 12-10 is the Maintenance budget. Eric noted that overall, the budget for individual line items in this department have not changed much over time. However, they used to be reflected in other departments and are now consolidated into a single Maintenance department, in an effort to improve accountability and transparency.

The personnel budget for this department reflects an increase of \$150 for mileage; this relates to the fact that workers sometimes have to use their own vehicles to conduct business, which results in the Town having to pay for mileage. Still, this budget item totals only \$200.

Wages for maintenance personnel are up by approximately 4% due to union contract provisions. At the same time, retirement costs are up by 28%, which is, however, only \$710. Eric and Teresa explained that this likely relates to a provision in a new union contract and a prior misunderstanding that employees are eligible for the retirement program at hire, rather than after a 12-month waiting period.

Department 12-20, Building Maintenance, covers the costs of maintenance at all Town buildings; it does not, however, include buildings at the Transfer Station, the cost of which are shared amongst all participating towns. The budget requests in this department include small changes that reflect historic trends in spending. Eric noted that the cost electricity budget (40-30) does not include street lights or power at the Transfer Station.

Department 12-30, Vehicle and Equipment Maintenance, shows a request that is, overall, just a bit more than 2%, year over year. Eric noted that the GMC Sierra (60-50) had received a good deal of maintenance recently; he expects that vehicle may last another two years, but is nearing the end of its useful life. Due to the level of maintenance it has recently received, however, he does not anticipate that vehicle requiring any more substantial investment. The Ford F550 is a relatively new vehicle; the budget request for maintenance of this vehicle is lower for FY2019 than in the current year. The tractor (60-52) has an associated request much lower than the current year's; this is based on experience. It was noted, however, that the Town will need to purchase a sickle attachment to take care of roadside brush. The cost of this purchase is likely around \$9k, but would be included in the capital budget.

The sidewalk vehicle (60-65), which had been broken, is now fixed. Still, Eric believes that that vehicle needs to be replaced with one that is built for the heavy-duty work that needs to be done. He noted that he has budgeted for such a purchase, but that provision would be found under the debt service budget.

Department 15-30, Boards and Commissions, was reviewed next. Note that the Conservation budget was addressed at the outset of this meeting; Conservation falls under Department 15-30.

15-10, Appeals, is flat funded. 15-40, Planning Board, reflects a slight increase (\$110) for the purchase of manuals and of \$244 for an increase in personnel costs. This latter increase reflects negotiated wage increases for the Board's clerk.

The review of expense budgets for General Government being completed, Eric turned to an overview of the revenue budget. He explained that much of this budget remains a work in progress, noting that he prefers to take a more conservative approach to budgeting revenues than he does in expenses, serving to limit the overall spending picture. Major revenue categories like property taxes, will not be estimated until close to the end of the budget process, as they are used to get the budget to balance. The revenue for Homestead Exemption is similarly still unknown, as it is for BETE.

Revenue associated with the Veterans' exemption is projected to increase as use of that exemption is trending upward. Revenue related to boat excise tax is up slightly, reflecting historical trends. Motor vehicle tax revenue is projected to be up sharply – by almost 9%. This, too, reflects recent historical trends and is likely due to the economic recovery. Plumbing and land use fee revenues are both expected to remain flat. Eric mentioned that although building permits are up, people may be taking on smaller or less ambitious projects, accounting for the stagnancy in these fee categories.

Agent fees are projected to increase a bit, reflecting expectations of a higher volume of licenses and registrations. Newsletter ad revenue is expected to decline. This is attributable to a movement away from printed copies of the newsletter to online publication; ad revenue declines as hard copy circulation of the newsletter wanes.

The Other Income category tends to be quite variable and includes “not otherwise classified” revenues that don't fit into other categories. In FY2018 to date, there is \$56k in funds in this category. Eric informed the Committee that the Selectboard wants to use \$50k of this balance to provide seed funding for a new property tax relief program, to supplement the Property Tax Fairness program sponsored by the State.

Staff also provided an overview of the carryforward accounts spreadsheet distributed by Teresa at the outset of the meeting. There was also a brief discussion regarding First Park and the length of the term of our commitment to that venture. It remains unclear how much longer Readfield is obligated to support First Park.

There being no other business on the table, the Committee adjourned at approximately 8:40 pm.

Respectfully submitted,
Ellen Jane Schreier