

Statement re: 14 / 15 Municipal Budget

The Selectmen, the staff and I are very concerned about the Budget Committee's recommended levels of funding. They seek to cut some \$500,000 out of a \$5.2 m budget, and to more than flat-fund the budget back to the 13/14 levels.

We understand their desire to keep taxes down, but let's remember, the entirety of Town services and capital improvements, including maintaining some \$30 million worth of roads, represents just 23% of your tax bill. It feels like the Budget Committee is trying to hold town wide taxes down on the backs of just municipal services. School expenses are 71% of the bill and County taxes are 6%.

Also, beginning back in 2005, the State started breaking the Revenue Sharing law, and denying towns and cities the sales tax money they are entitled to. Eliot is facing a loss of another \$132,700 this year, a fact barely discussed by the Budget Committee. The State is now distributing a little over 10% of what they are supposed to send to municipalities. Thank the state for a lot of your property tax increases.

The budget they are presenting is in no way realistic given the population of Eliot, the traffic at the Town office, the service demands, the state and federal mandates we must meet, and the need to always think about long-term sustainability of our services and capital assets. By way of example, see the information about Old Field's Road Bridge. Professional engineers say it is not salvageable, must be replaced. The Budget Committee thinks they know better and want to just repair it. Likewise, we have a five year storm water plan that we must follow; they don't believe it.

Cutting the money we put into reserves for future capital needs in short-sighted and will cost more in the end. If we cannot afford to reserve funds for capital purchases which will inevitably face the community, then we certainly cannot afford to bond these items and pay interest on the borrowed money. Thirteen roads or sections of roads were proposed to be repaired. Under the Selectmen's budget, we can still affect 8 of those roads; under the Budget Committee's recommendations, we will only address only 4 sections of road.

Worse yet is to not invest in our road system when repairs can be done more inexpensively if caught early (see PCI sheet). Waiting to repair minor problems can cost 4, 8 even 16 times as much if we wait.

Then there is the disregard for union contract commitments.

Staff have not had raises in more than 3 years which led to the rise of two unions, for which we have paid dearly in legal fees and payouts. The 3% cost of living adjustment we are recommending accounts for just 1% of the total municipal budget. For as hard as the staff works, their morale is pretty low.

The Town is being frugal and forward thinking. We are not asking to expand services or add staff. We just need to maintain what we have, and there is a real cost to that.

We need to provide services in adequate ways and their proposed budget simply will not allow that. The Selectmen's budget which cut some \$168,000 from staff requests barely allows that, but we can live with that.

Even the LD 1 limit, which would still require cutting \$200,000 more from the budget, and would be very short-term thinking also, is more manageable then cutting \$500,000.

The needs of this community and its services and assets will not go away, and frankly, as we all know, we will pay for these things eventually. The question is whether to bury ourselves from two years of flat funding, and to face much higher costs later.

As a professional town manager of 23 years, I caution you to really think through what kind of budget is realistic.

Handwritten notes:
all
PC
all

6-9-14
Attachments

Dear Rebecca,

The Town Clerk and I met with Peter Dennett to discuss the upcoming town meeting, opening ceremonies, etc. From that discussion, he asked me to check in with the Budget Committee about three items.

- 1) He has asked that I write an unbiased statement regarding LD 1 and how it works, what it means going forward with voting on the remaining articles, etc. He wanted to make sure that the Budget Committee agreed with that means of trying to clarify LD 1 technical issues upfront, before any opening statements (see below) or substantive debate ensues.
- 2) He also wants to have advance copies of any handouts from the Selectmen and Budget Committee. As part of that discussion too, it reminded on me that I need to review all such documents for bias before distribution within 250' of the place of town meeting.
- 3) He suggested that in lieu of an "opening statement" by either the Selectmen or the Budget Committee at the start of the meeting, that each "side" make a 3 minute or less statement at the time of Article 16 (LD 1/Override).

Please advise us of the Budget Committee's position on these matters. Thank you.

Dana Lee