

SPECIAL BOARD OF SELECTMEN'S MEETING
February 7, 2013 5:30PM

Quorum noted

5:30 PM: Meeting called to order by Chairman Moynahan.

Roll Call: Mr. Moynahan, Mr. Dunkelberger, Mr. Murphy, Mr. Beckert and Mr. Hirst.

Pledge of Allegiance recited

Moment of Silence observed

New Business (Correspondence List):

5:31 PM

#1 Joint Meeting with Budget Committee to review the budget of the Conservation Commission, Eliot Festival Day Committee, and Library.

Mr. Moynahan said that they had three committees or outside agencies that they would discuss budgets with tonight, with the first one being the Conservation Commission (CC). He asked if there were any members from the CC present.

Mr. Blanchette said that Mr. Crilley had called to say he was running late but he was expected to be here a little later.

Eliot Festival Day Committee

Mr. Moynahan said that they would take up Eliot Festival Day Committee (EFDC). He asked if there were any members from EFDC present.

Mr. Eugene Sahr, Treasurer, said that they would like to withdraw their budget of \$4,400 that they requested for next year's fireworks. He explained that they were not able to use the funds this past year for the fireworks due to the rain cancelling the event. He added that they still had the funds from last year. He said that the Fireworks Company has already agreed to roll over the deposit and give them the same pricing for next year's fireworks so they were all set at this point. Mr. Sahr said that the only thing with that was that the Fire Department and Police Department parts were in that budget item and that would still have to be there. He added that he believed it was usually \$6,600 or \$7,000, something like that, adding that \$4,400 was for the fireworks and the rest was for the Town Police and Fire Departments and Public Works expenses. He said that he believed those expenses would still be incurred.

Mr. Moynahan said that that was separate to their departments.

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Mr. Sahr said yes but the \$4,400 for the Eliot Festival Days they would like to withdraw.

Mr. Moynahan asked Mr. Blanchette if they needed to request to roll over those funds or did they always stay in that account specifically for Eliot Festival Day.

Mr. Blanchette said that because it was under the department budgets it did not need to be rolled over.

Mr. Moynahan acknowledged the department portions but asked about the fireworks portion, if the EFDC was not asking for funds for fireworks; that there was a deposit that was given.

Mr. Blanchette asked if the EFDC had paid the deposit.

Mr. Sahr said that they had paid the \$1,000 to the Fireworks Company but that there was \$3,400 left for the fireworks.

Mr. Blanchette said that \$3,400 would need to be requested, in writing, of the Board to carry over.

Mr. Sahr said that the EFDC just needed to write the Board a letter.

Mr. Moynahan said yes, a letter requesting to roll over the unexpended funds from the fireworks from last year.

Mr. Sahr asked if they sent that letter to the Board.

Mr. Moynahan said either the Board or Mr. Blanchette.

Mr. Hirst asked Mr. Sahr if he had been billed in the past by either Fire or Police for their efforts.

Mr. Sahr said no; that over the past number of years that budget item was always larger than the fireworks amount because it had that item in there and, if it was a separate item now, then they were unaware of it, adding that the \$4,400 was the only thing they requested for the fireworks.

Mr. Hirst said to Mr. Blanchette that there was no reason to have any additional amount.

Mr. Blanchette said no; that many years ago it got switched to the different departments. He asked Mr. Sahr if they had received the \$4,400 in their account.

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Mr. Sahr said yes.

Mr. Blanchette said that the EFDC already had the \$3,400 so the BOS did not need to roll it over.

Mr. Sahr explained that it was a matter of where they already had the money in the account, would they give it back and get a new one or just keep it, go forward, and withdraw any requests for the \$4,400 for this year and say that they didn't need it because they already had the money.

Library

5:38 PM Mr. Dennett and Ms. Kent were present.

Mr. Dennett said that on Building Maintenance they were projecting \$25,000 to include interior painting in the Library and exterior painting of the Fogg House, plus the normal maintenance they had to do. He added that, on heat, they were asking for \$8,000 and noted that they did replace the existing boiler, which was approximately 35 years old, with a new high efficiency boiler, plus, they installed three heat pumps to supplement the heat and provide air conditioning. He said that they were asking for \$5,500 for utilities; for supplies, services, postage - \$6,500; \$119,000 for salaries and \$19,000 for fringe benefits, which would include Social Security and health insurance for one employee; \$500 for training; \$6,500 for insurance, which was for Worker's Comp and property buildings and contents; \$12,000 for technology, saying that they have had to replace a server and this would include the annual fee for maintenance of the Athena system that they used for cataloguing and checking out books; \$2,800 for the leased copier; \$26,000 for books, periodicals, and programs. Mr. Dennett said that they were projecting that they would receive from grants, memorial funds, and Friends of the Library approximately \$10,758, plus, receipts from fines of approximately \$3,823; that they were projecting taking \$71,219 from the trust account and request \$145,000 from the Town. He said that last year they requested \$145,000 and they did agree to reduce it to \$140,000, but, they would like to get it back up, if possible.

Mr. Murphy said that the right-hand column was really a request for FY 13/14.

Mr. Dennett clarified that they didn't operate on a fiscal year, that they operated on a calendar year; that it was difficult to change that.

Mr. Murphy said then that they were talking about calendar year 2013.

Mr. Dennett said yes, they were looking for the year 2013.

Mr. Dunkelberger asked how much the trust made last year.

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5:40 PM Mr. Dennett said that he didn't have the exact figures because he had not received the 1099 from Edward Jones, yet, but he could tell them how much they had in the trust. He said that, as of December 31st, they had \$1,102,666.22, adding that he would say that they were roughly averaging about 3.5%. He added that approximately \$550,000 was in bond funds and the balance was in common stocks – maybe around 5.5% on the bonds and 2.5-3% on the stocks.

Mr. Dunkelberger said that last year was a good year for the stock market.

Mr. Dennett said for capital appreciation, yes, but capital appreciation and income were two different things. He added that he would say that, after taking out the \$71,000, they were up about \$100,000 or a little more. He also added that they had a gift from Alberta Remick's estate of approximately \$65,000.

Mr. Dunkelberger said that the reason he asked was that he was looking at how much Mr. Dennett projected to be taken from the trust and what they actually took. He used 11/12 as an example, saying they projected \$86,000 and actually took \$70,000, so, his question was, particularly since the stock market seemed to be doing better than the rest of the economy for now, would it be possible to lower that amount for this year – that \$145,000 – and take a little more from what they made in stocks.

Mr. Dennett said that he thought that they could go back to \$140,000 comfortably but they would have to reevaluate that on a year-by-year basis because it was several years ago when the trust was down to \$500,000; that things looked pretty bleak at that time; that he agreed with Mr. Dunkelberger that things were better and, assuming that continued into the future, then they would be alright.

Mr. Dunkelberger said that he would like to see it brought down, maybe, even a little bit more to \$135,000 and asked if that would be possible. He added that he knew that they didn't have the numbers for how much the trust has made but it might be something they could take a look at and, then, readdress.

Mr. Dennett said that right now he would say that, given the present market conditions, that, yes, they could survive on \$135,000 but he wouldn't want to go much lower than that. He added that he thought that their objective was to keep the balance at \$1,000,000.

Mr. Dunkelberger said that that was perfectly acceptable and, like Mr. Dennett said, it would probably need to be adjusted year-to-year, depending upon what the economy was doing.

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- 5:45 PM** Mr. Dennett said yes, but he thought that they would be alright on that basis; that he thought that they would be agreeable to that.
- Mr. Reed asked if, when Mr. Dennett got the 1099's, they could learn what their income was last year.
- Mr. Dennett said yes, that that would be no problem. He added that brokerage houses had until the 28th of February to send their 1099's out so it may be towards the end of the month.
- Mr. Reed discussed line 16 – Projected receipts from fines and said that there was a \$3,823 entry and, then, in line 17 there was \$10,758. He asked what the \$10,758 was.
- Mr. Dennett said that that was gifts, such as memorial gifts or grants or money from the Friends of the Library, clarifying that they basically based that on what they received last year.
- Mr. Reed said that, in previous years, he had that all lumped into one number.
- Mr. Dennett said yes.
- Mr. Reed said that there was the approximate \$65,000 donation from the Remick's this past year.
- 5:49 PM** Mr. Dennett said yes and that that went directly into Edward Jones.
- Mr. Reed said that that didn't show up in this at all.
- Mr. Dennett said no, nothing as far as the amount of money that was in trust with Edward Jones, except the amount that they took out annually.
- Mr. Reed asked if there were any other donations that went directly in there that they didn't know about.
- Mr. Dennett said no; that they hadn't received any grants recently, such as from the King Foundation or the Davis Foundation or the Lieber Foundation, adding that in past years they had received grants from all three. He said that they wouldn't show those on a budget request.
- Mr. Reed said that he thought that those kinds of things would be...in the interest of the Library, he thought that they should come forward with any of that kind of income to give the people of the Town an idea of what their finances were.

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5:49 PM Ms. Kent said that, when they got a grant, like from Stephen King, it was for a specific thing and was not something they asked for in the budget. She explained that, with the Davis Foundation, the Library asked for a grant to restore the Fogg House Scullery and, when they did that, they had to use it all for that one item. She said that it was a wash; that it was what they asked for and they did it.

Mr. Moynahan said that he thought that Mr. Reed was asking about the Remick donation that the Library received – was it earmarked for a specific item or was it just for general use.

Mr. Dennett said that she left money in her will for the Library, adding that it wasn't for any specific purpose. He said that the trust was basically made up of two accounts; that about half of the trust money was restricted to income use only – that they couldn't take the principal out to use, that they could only take the income out; that the other part of it was unrestricted and they could use principal plus the interest. He added that they hadn't earned, in income, dividends, and interest, \$71,000/year, so, some of it has had to come out of the principal amount of the unrestricted part of the trust money.

Mr. Moynahan said that, to just clarify for Mr. Reed, he thought that what Mr. Reed was referencing was that any of those types of donations would be seen as a revenue stream if it wasn't earmarked for something specific, like a grant.

Mr. Dennett said that grants were earmarked for certain purposes and, of course, the grantor expected it would be used for that, so it was important that the Library adhered to that very strictly.

Mr. Moynahan said that he thought it was the other donations that he thought Mr. Reed was referencing.

Mr. Dennett said that the fines and memorial grants; that they had had several of those; that when someone passes they have specified that donations be made to the Library, and that was what that amount of money was. He added that the money from Alberta Remick was a bequest in her will.

Mr. Reed said that he was hoping that they could get some transparency from the Library regarding the Library's finances; that the Town has been expected to donate \$145,000 every year to the operating expenses and there were other monies involved. He added that the Library has been given in trust to the people of Eliot and it would be nice to have the people of Eliot understand what went on with the finances.

Mr. Dennett said to tell him what additional information Mr. Reed wanted, adding that he thought that they had been pretty transparent over the years. He added that

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they knew what the amount was in the trust account and they had always indicated what they had received in the way of grants; that they hadn't received any grants for about four or five years. He reiterated to Mr. Reed to tell him how to be more transparent and he would give Mr. Reed the information.

Mr. Reed said that it was a bit of a surprise to understand that there were these things in the past they didn't see and didn't know were there. He said that, for instance, this latest one for \$65,000 – it would be nice to know that it was there, it would be nice to know what they were spending it for.

Mr. Dennett said that he just told them it was there and that it went into the Edward Jones account and came out in the form of the amount of money transferred from the trust. He added that they indicated every year how much they transferred and how much they were asking for. He said that he couldn't give him the income figure right now because he didn't have the 1099 from Edward Jones but, just as soon as they got that, he would share that information.

Mr. Murphy said that he wanted to compliment Mr. Dennett for maintaining the institution for the Town of Eliot. He asked if he was happy with their investment company.

Mr. Dennett said yes and that he thought that they had done well. He added that he thought that Edward Jones, with their account for a non-profit, bear as much concern with the return of the Library's principal as the return on the principal and that has been an important factor in the last five years. He said that they were, in March 2009 at the depth of the recession, down to about \$550,000 to \$600,000; that they had recovered from that.

5:55 PM

Mr. Murphy asked if it wasn't true that, if they were allowed to let their investments grow in sort of a normal manner, then the need for Eliot to provide \$145,000 a year would diminish, as it has in the past. He added that he was very much in favor of the Library keeping their investments and try to husband them and nurture them rather than dipping into them. He said that he was glad to hear that over half the investment couldn't be touched, that they could only use the interest, which was by design of the original investment.

Mr. Dennett said that the original amount of money that William Fogg left was - the income-only – to be used for the support of the Library. He added that over the last 20 years that he has been a trustee they have probably given about \$1,200,000 from the trust to operate the Library.

Mr. Murphy said that, if they had that still in their investment, then that would provide quite a bit of income.

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Mr. Dennett said yes, that it would probably more than double the amount of income.

Ms. Kent said that she thought, for the first fifty years, the Library was covered pretty well; that then she thought that they only asked for money to cover books so they hadn't always been asking the Town.

Mr. Murphy said that he had been looking into that a little bit. He said that, when the Library began there was a question waiting for the Doctor's will to be probated; that the plans for building were not kept in abeyance with nothing done but, in fact, the Town came forward with \$5,000 in order to begin the building in anticipation that, in several years, the will would be probated and the Town reimbursed. He said that the Town was remarkable in getting the Library going at the very start when the funds were still in transfer.

Mr. Fisher thanked them very much for the reduction of their request from \$145,000 to \$135,000. He asked what it actually cost to operate the Library.

Mr. Dennett said that, when they put the budget together, they didn't have the annual total expenses; that he had projected that it was going to be \$224,901 and the actual figure for 2012 was \$228,866.27.

Mr. Fisher asked what was done with the building out front; that he knew it was a historical building but wondered what they did with that now.

Mr. Dennett said that, when they had the fire at the Fogg House, they rebuilt what used to be, when Dr. Fogg was postmaster, the post office (the El), which was basically completely destroyed. He said that with the proceeds from the insurance they rebuilt then put the Fogg Collection in the El and the main part of the house has a lot of antiques and things of that nature. He added that the Library did use the Fogg House for book groups, etc., and other organizations have met there – that the Baha'i's used it quite frequently and have been big supporters of the Library, donating a lot to the Library. He said that the picture that hung in the room on the left with Sarah Farmer and her golden retriever was one of their favorite things.

Mr. Reed said that, of the trust money they had, Mr. Dennett said that it was divided into two accounts and one was restricted for the use of money to interest-only. He asked if that principal was a fixed number that Dr. Fogg donated originally.

Mr. Dennett said that it has grown over the years and it represented about \$550,000, currently; that it did fluctuate.

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Mr. Reed said that he was concerned that if the Town didn't provide them money each year that they could burn through the principal and interest on the other half of the trust in not a terribly long time.

Mr. Dennett said that that would be exhausted in three or four years.

Mr. Reed said that the Library was expecting the Town to contribute for the foreseeable future.

Mr. Dennett said that that was what they would hope if they wanted to maintain the operation of the Library as it was today.

Mr. Reed said okay; that if they looked forward to expecting that, then it was what it was; that he didn't want to see the Library have issues that could be avoided by the Town contributing something every year.

Mr. Fisher asked what the pros and cons were of a town taking over a library.

6:03 PM Mr. Dennett said that he thought that, if the Town took the Library over, then they would be looking at a substantial increase in operating expenses. He added that they would be looking at health insurance and retirement because, now, these people would be Town employees rather than Library Trust employees.

Mr. Blanchette said that, since Mr. Crilley wasn't here, yet, they did have someone...

Mr. Moynahan agreed that the Board needed to go into executive session this evening as Ms. Rawski had an issue she needed to attend to. He added that they would get back to budgets and maybe Mr. Crilley would be here, then, take up the capital improvements at that point.

Executive session

6:07 PM Mr. Beckert moved, second by Mr. Murphy, that the Board of Selectmen enter into executive session as allowed by 1 M.R.S.A. § 405.6.A "Discussion or consideration of the employment, appointment, assignment or duties..."
Personnel issue.

VOTE
4-0
Chair concurs

6:35 PM Out of executive session.

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Mr. Beckert moved, second by Mr. Murphy, that the Board of Selectmen accept the resignation of Sheila Hatch, with regrets, and wish her well in her upcoming retirement.

VOTE
4-0
Chair concurs

Mr. Beckert moved, second by Mr. Dunkelberger, that the Board of Selectmen authorize the Administrative Assistant and the Town Clerk to advertise for the position to backfill Ms. Hatch and advertise it as a full-time position.

VOTE
4-0
Chair concurs

Ms. Rawski publicly expressed that Sheila Hatch was a wonderful employee, and she will be truly missed, and they hope she enjoys her retirement.

Mr. Murphy asked if her final date was public knowledge.

Ms. Rawski said that it was – March 1st.

6:38 PM
#2

Review Department Capital Improvement Plans

Mr. Moynahan said that he printed out copies for anyone who needed them. He said that one of the first things he wanted to discuss was the funding profile for suggested capital energy improvements. He added that the Energy Committee (EC) has suggested several improvements to Town buildings and he thought that, with some of them, they were facilities and should be budgeted for in capital improvement form. He said that, in one of their pages, they had a mock-up of what they would like to have for energy parts that were identified: Public Works trucks, reserve Police vehicles, landfill solar, street light conversion to LED, and building light conversion to LED. He said that he thought that, at some point, they would have to create, if they wanted to stay in line with the energy commitment that they have made, then they would have to start creating a better budgeting practice for that, also. He suggested including something, even if it was separate, with capital improvements that went hand-in-hand with what the EC put in front of the Board.

Mr. Reed said that the energy issues had not been addressed, so far, in the capital improvement schedules that they had in front of them.

Mr. Moynahan clarified that these were specific things that the EC had isolated or indicated needed to be done. He added that some have, here and there, like the

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heating system has been taken care of at the Police Department but some of these had large dollar figures; that if they wanted to do the landfill solar that would be \$200,000 over the course of time, so, instead of 2021 that is what the plan is when they would be asking for \$200,000, did they start making a commitment to some of these projects now and fund accordingly. He said that their energy products were identified early on and were specific for several departments; that they were indicating \$28,000, \$28,000, \$28,000, and \$13,000 for the next four years. He asked if they wanted to commit to doing a four-year plan with the energy improvements; did they want to expend those out at all. He said that he was looking for some input on how they might want to do this. He asked if they wanted to fund any of this energy improvement stuff.

6:40 PM Mr. Dunkelberger said that he would think that energy improvements they ought to put a priority on funding because they would be a potential return, long-term, for the Town. He said that he would like to see them make this a priority.

Mr. Moynahan said that the other part with some of these, and all capital improvements, was that it was not real clear when things would be done. He added that, if they had dollar figures put in for certain years, at some point, he thought that they had to put next to some of these things when it would be done. He used the salt dome replacement as an example of a point he was trying to make. He said that they put in money one year and the next year it was expended and that was not really a capital improvement plan at that point. He said that the other part with the capital improvements, especially with facilities, that he was struggling with was that the departments were asked to look at their heating systems and their roof life expectancy and building needs, and he wasn't demeaning the department heads, but should they consider having a home inspector or a contractor, once a year, go through and do an inventory of each building, or the first time through – the roof expectancy was five years, the heating system should be replaced in the next ten years – to help guide them in that manner.

6:42 PM Mr. Beckert said that he would just throw this out there from the Building Committee. He said that the BC has actually gone back and had a discussion with Mike Lassel of Lassel Architecture from South Berwick; that they have a proposal from him that they were discussing with him this coming week in more detail and that overall proposal was to look at Town space needs and to do an assessment of all the Town buildings. He added that that was just what Mr. Moynahan was saying - current conditions.

Mr. Moynahan asked if he would be able to look at a boiler and say that it had a 5-year life expectancy or would he be looking more at space.

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Mr. Beckert said that, in reading his proposal, he thought that it could be tweaked to include such things as the existing condition of the building and what the life expectancy of that building was and the components within it, as well. He added that it may be something they could fold into that and, like he said, they were going to have discussions with him this coming week on his proposal and make any tweaks to it before the BC brought it forward to this Board.

Mr. Murphy asked if the EC was involved with the BC, was there an overlap.

Mr. Beckert said that the BC had talked with the EC in the past and part of Mr. Lassel's proposal would be to utilize any energy information that the EC had already done; any energy work they had done on Town buildings or recommended for the future.

Mr. Murphy said that he hoped the BC would let the EC know of this meeting; that it would be important to get those working together.

Mr. Beckert agreed.

Mr. Moynahan said that that was great and, once they got that, then maybe the Board could look at that and it could be broken out; if he focused on just the space piece and they got a general contractor from, say, Kittery, an outside town that was less known in Town...

Mr. Dunkelberger said that, with regard to the overall CIP's, he would be willing to take all of these and put them into one sheet plus overall numbers, as well as the projects, and then, he would suggest the Board get all the department heads in so that they could discuss immediate needs and priorities to potentially even out the capital improvement plans on the out years.

Mr. Moynahan said that that would be nice, suggesting that on the left-hand side designate the replacement date, like the John Deere backhoe - that he still thought that vehicles should be in a vehicle reserve and facility capital improvement should be separate - was the replacement 2016/2017; that right there it should say 2017 was when the replacement would be. He said that it would be nice to know what the plan was.

Mr. Reed said that, for clarification, Mr. Moynahan wanted to include a target date for any physical items as opposed to work done or work to be completed by such-and-such a date.

Mr. Dunkelberger suggested that when they talked to department heads that they ask them, on the items listed, which year they expected to issue the contract or purchase the equipment.

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Mr. Moynahan said that, regarding Highway, Mr. Moulton had in 2013/2014, 2014/2015, and 2015/2016 four items that, he thought, Mr. Moulton was looking to have completed; that that was not stretched out and, then, there was nothing from there on out; that maybe they had to prioritize that truck-wash containment – that it didn't get done until 2019 – so that it staggered some of those; that that was how he was looking at this as to how to better manage or work with them to manage these capital improvement requests.

Mr. Reed said that as it appears from this spreadsheet that they need three dump trucks and asked if that was a reasonable equipment complement or did they know.

Mr. Moynahan said that he thought there were three dump trucks currently out there and three drivers for those trucks. He added that, maybe, their life expectancy was 2017 and 2020.

Mr. Reed asked again if they needed three or were they doing three just because they had three.

Mr. Moynahan said that he thought, in snow events with sanding and salting, they were utilized but he wouldn't try to answer for Mr. Moulton.

Mr. Reed said that those were the 4600 dump trucks and then there was another 4300 so it looked like there were four.

Mr. Moynahan said that it certainly looked like there were four out there. He added that he had budget questions this evening, too, that they would discuss and he could add that; that the BC had submitted some already and they could ask that question about the vehicles.

Mr. Reed agreed.

Mr. Dunkelberger said that he would take on the task of putting this all on one sheet.

Mr. Moynahan said that that would be fantastic and asked if the Board agreed.

The Board agreed.

6:48 PM Mr. Moynahan asked if, outside the layout and format, there were any questions or comments that they wanted to make in regard to what departments were requesting for this year.

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Mr. Hirst said that the ECSD CIP made no recognition of the bus and he didn't know if that was because the feeling was that the bus wouldn't be needed after a certain number of years and wouldn't be replaced or whether it was simply an omission. He added that he thought that they needed to find out from the ECSD what the plan was for the bus, whether it was felt that it should be replaced and, if so, then it should be added to the CIP.

Mr. Murphy said that his feeling about that was that it was a short enough time that it was thought to be in good shape and he imagined that Ms. Muzeroll-Roy just hadn't started to think of replacing it. He added that he thought that she should be encouraged to look farther and make a long-range plan to replace it.

Mr. Hirst questioned whether there was intent to replace it at all – was it possible that it was not utilized sufficiently to warrant replacing it when it died.

Mr. Moynahan said that it was used for senior programs and KidsPLAY activities throughout the summer, as well as Youthbound.

Mr. Murphy asked if it was maintained, if there was scheduled maintenance.

Mr. Moynahan said that he didn't know.

Mr. Murphy said that that was something they should probably look into.

Mr. Reed asked if there was any possibility if the buses associated with MSAD #35 could be used.

Mr. Moynahan said that they would have to pay for the bus and driver in that instance and they already had the staff going to the events here for the programs. He added that he believed that was how it worked with the schools, that they had to pay for the bus and the driver.

Mr. Hirst asked if that was a private contractor or did the buses belong to MSAD #35.

Mr. Beckert said that right now MSAD #35 owned the buses.

Mr. Dunkelberger asked if, in two weeks, they could have the department heads in, talk about the questions they have compiled and, then, address all this as a group.

Mr. Moynahan said that they could.

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Mr. Dunkelberger said that they could decide what exactly the priorities would be and potentially extend out some projects or do whatever they needed to do at that point. He added that that would hopefully bring them pretty close to closing out where they needed to be.

Mr. Moynahan said that he had compiled all the questions from the BC and the BOS and he wanted to get those out by Monday to the departments and give them a timeline, a week, to answer them. He added that, hopefully, they would have those answers for next week's meeting and, then, the following week they could have the department heads in for clarification on the balance of the budgets. He said that he would get copies of the compiled list to the Board and BC.

6:53 PM

Mr. Reed said that one of his concerns was that there was an assortment of public safety equipment that used to be part of the Police budget and he didn't see it anymore, adding that it had to do with things like traffic lights and that kind of stuff. He said that it was moved to a separate warrant last year but, traditionally during the budget cycle, it has been part of the Police budget.

Mr. Moynahan said that he thought that the street lights went away because it had nothing to do with the police budget and it became a streetlight reserve.

Mr. Reed said that it would be good for that to show up somewhere in the budget.

Mr. Moynahan asked Mr. Blanchette if he had those in one of the files.

Mr. Blanchette said that he wasn't sure and would have to look.

Mr. Moynahan said that he thought that he had seen that and thought it was in Administration somewhere but separate from Administration.

Mr. Reed said that he didn't want it to get lost; that he was sure it would show up in the warrant articles and he wanted it to be part of the discussion.

Mr. Moynahan said that he couldn't find it, either, and would make sure that was clarified.

Mr. Fisher asked if anyone could tell him, on the Highway CIP, what the cold storage building was and what they would want it for.

Mr. Dunkelberger said that it was to store supplies that didn't need any kind of utility heat or AC.

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February 7, 2013 5:30PM (continued)

Mr. Hirst said that Mr. Moulton had several semi-trailers over there that were in desperate condition and he thought Mr. Moulton wanted to retire those. He added that the stuff that was in them needed to be in non-heated storage.

Mr. Moynahan asked if there were any more questions.

Mr. Hirst said that on the Police, even though he wasn't asking for any contribution this year, he thought that it would be useful to have Mr. Short's CIP, nonetheless. He added that he has a vehicle reserve fund but he didn't see anything for the building.

Mr. Moynahan said that he had requested from departments to send those and he knew that Mr. Short wasn't requesting so he didn't think twice about it.

Mr. Hirst said that he thought it was a good idea to have a CIP every year.

Mr. Moynahan agreed.

Mr. Hirst said that he didn't know what the Fire Chief planned to replace in 2021; that they had two trucks – one was a first line piece and he thought it was a 2004 and the other one was a mutual aide piece that saw much less service but thought it was a fair number of years older, maybe six years older. He added that he thought he should identify which truck he proposed to replace in 2021 and he should put in a separate entry for the other trucks he planned to replace so that they could be accumulating money to replace other trucks that he had.

Mr. Moynahan said that he would make sure that was forwarded as part of their questions for Mr. Muzeroll.

Mr. Hirst said that the amount of money he will have accumulated by 2020 was just under \$300,000, adding that by 2020 he didn't know if one could buy a replacement front line pumper for \$300,000.

Mr. Dunkelberger said that he thought Mr. Muzeroll would need about \$350,000; that he wasn't sure he would buy the truck in 2021.

Mr. Hirst said that that was what he said in his CIP but he didn't know which one, adding that there was an argument for replacing either of the two front line pumpers in 2021 – one based on age and one based on use.

Mr. Moynahan said that he would add that to the list.

6:58 PM

Mr. Reed said that there was some discussion over the past year regarding augmenting Town Hall and/or the ECSD, adding that some of that had to do with

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record storage and just giving more room for the functions of the Town. He said that he didn't see any reflection in this, at all, and asked if that was something that they were just not entertaining at this point.

Mr. Moynahan said that the storage vault shelving was just completed and he believed that there was a separate warrant article for ECSD to relocate to the school. He asked if Mr. Reed was talking about them being located here.

Mr. Reed said no; that there was talk of storage that might have been able to happen in the new building that was being discussed. He asked where the vault shelving was located.

Mr. Moynahan said that it was in the Town Hall vault; that it was just completely redone with additional storage, all on tracks; that Ms. Rawski had asked for three years.

Mr. Blanchette said that, as far as space needs, they were dealing with the Building Committee because they were going to do a comprehensive space needs for all of the Town buildings. He added that that was why there was nothing specific dealing with a CIP for space needs other than taking the present building, for example, and redoing the vault shelving. He added that, in the next few years, they should probably look at the shelving for the other vault.

Mr. Moynahan said that that was something that could certainly be included in a CIP.

Mr. Blanchette agreed but was really waiting for the Building Committee to look into the overall space needs.

Mr. Reed said that the set of spreadsheets didn't really address any of the space needs issues.

Mr. Moynahan said that he thought that, for the vault shelving, they could certainly plan for that and, if nothing was approved by voters, then at least they would have some funds to accommodate space needs or utilize that towards any major improvements.

Mr. Reed said that he was just trying to understand the scope of this plan that they were trying to put together. He added that, if this didn't include new buildings or expansions, then that was good to know.

Mr. Moynahan said that it didn't, as of yet.

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Mr. Murphy said that each of these CIP plans seemed to have blank lines in which other things could be added after discussion and when they finally got together and chose. He added that there were some good ideas, though, and should be more things on them.

Mr. Moynahan asked Mr. Dunkelberger if he would also include energy.

Mr. Dunkelberger said that he would.

7:04 PM

Mr. Moynahan said that they had several budget questions going to department heads. He asked Mr. Blanchette to make copies for the Board of these – *The need for all vehicles for the Capital Improvement for DPW and streetlights – where were they in the budget?* – and make sure they got answers to those. He added that Mr. Hirst had just touched upon one of the questions that he had had in regard to the Fire Department CIP. He added that Mr. Dunkelberger had questions: *Administration – The need to fill in the spaces that you already mentioned to Mr. Blanchette* – adding that those were in reserve accounts; *Police – Would the Chief be comfortable cutting overtime to \$45,000?* and *It is worthwhile to shift the Crown Victoria to Deputy Chief, getting rid of the Impala versus getting rid of both and getting two new cars; Ensure that one of the Impalas was removed from the Town property books and the Chief's Charger added; ECSD – Is it possible to use KidsPLAY funds to pay 10% of Ms. Muzeroll-Roy and Ms. Gould's salaries.* He said that he thought that was much like Eliot sewer funds pay a portion of Kittery Town Manager now and, actually, the first two could go to the departments for further action and answer and the third was a question for the Board, he thought, or were they asking Ms. Muzeroll-Roy if those funds could support 10%.

Mr. Dunkelberger said that based upon a previous discussion she had the funds to support that but whether they had the legal standing to do, that he was not certain. He added that his sense was yes but he wasn't sure.

Mr. Blanchette said that he could see no reason why it could not.

Mr. Dunkelberger said that part of what they did was to oversee the overall program so he thought that they could make that connection, which they could quite easily, and he thought that that was reasonable.

Mr. Moynahan said that he would forward that to Ms. Muzeroll-Roy to review and see whether it was doable. He said that, if the Board didn't want him to read all these questions, then he could just forward them on. He added that one was from Mr. Hirst regarding consolidating all the Town's telephones, land-based and cellular; that that needed to go to Mr. Blanchette to coordinate with all the department heads. He added that they did look at that one year.

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Mr. Blanchette agreed that they looked at that in the past, adding that the problem was that each department's needs were so different from the others that it started crumbling; that it was done in the past and they moved away from it.

Mr. Dunkelberger said that they should ask the question when they had them all here.

Mr. Moynahan asked the Board if they wanted to save that one until they had the departments in and ask them all collectively.

The Board agreed.

Mr. Moynahan said another question from Mr. Dunkelberger to Mr. Blanchette – *How much is in our undesignated fund now?* and for the BOS *What should be our minimum balance?* He added that he had that in his notes, too, to establish an unreserved fund balance total; to keep in mind with that fund that Special Town Meeting has two proposed articles that were going to be utilizing that unreserved fund balance, currently.

Mr. Blanchette reminded them that they had already decided that the York County half year bill was going to come out of that. Discussing a minimum number in the fund, he said that it was difficult to come up with an exact number; that depending on which accountant one talked with that they would say anywhere from about 10% to 18% of one's overall expenses on a yearly basis. He said one or two months of expenses and remember that that included the amount they were paying to the school and, if the included that, then that, alone, was more than what they had in the bank – no, not that alone, but they were getting there.

Mr. Murphy asked Mr. Blanchette, as an investment spot, was the unreserved fund kind of a waste of money or was it also useful there in that it built on itself, although not perhaps like the Library fund.

7:10 PM

Mr. Blanchette said that it did and it didn't. He said that the way that it did was the fact that they were drawing down that money instead of borrowing.

Mr. Murphy agreed they wouldn't have to pay interest on borrowing.

Mr. Blanchette said that, if one noticed, the expenses on interest paid on borrowing have been lowered and lowered and lowered and that the twice-a-year tax billing helped that, also. He added that the money was invested, saying that what Ms. Spinney did was that she only took out from the bank department; that it was not a trust in the fact...that it was a trust department of the bank; that it didn't constitute a trust of the Town. He added that as soon as they started getting tax

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monies in, she started putting money into the trust department and she only drew down probably every other week, or so, what she needed; that the money for the school was drawn down only once a month. He reiterated that whatever monies they did have were invested but the Town's rate of return he thought was under 2% right now. He added that their key thing was the principle so their level of investment...that the principle had to be secure 100% or 99%, as nothing could be 100%, so, what they allowed the trust department to invest in was, basically, US securities and so forth, so the return was lower.

Mr. Dunkelberger said that there may not be a lot of science to the number they chose; that he thought that they needed to have a discussion to pick a number that they always kept in mind that, unless some special circumstances dictated, they didn't want to go below.

7:12 PM Mr. Moynahan said that they have had those discussions in the last several years and the last number was \$1.5 million.

Mr. Dunkelberger asked what that was based on.

Mr. Moynahan said comfort levels of the people who had the discussions; how many months it took to operate, what it was utilized for, and all that. He added that it changed every year; that he didn't think the thoughts had stayed the same in any year.

Mr. Blanchette said that he thought that, at that time, it was approximately two months and, obviously, the school was \$656,000, so there was \$1.3 million right there for two months; that he thought they also looked at the payroll and some of the other expenses they didn't look at, especially purchases; that it was basically what would need to be paid in two months and it was right around \$1.5 million.

Mr. Dunkelberger said that his thoughts were that they needed two months for Town bills and one month for school bills because if everything went to pot and they couldn't pay the school bills then there was something else going on that they needed to be worried about.

Mr. Moynahan asked what would happen if they didn't pay the school bill.

Mr. Blanchette said that the recourse the school had, and he believed it was still the law, was that they could legally take any property in Town and sell it, including people's individual houses.

Mr. Dunkelberger reiterated that, if they got into the position where they couldn't pay that second month school bill, then there was something else going on.

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Mr. Hirst said that he thought that the last time Mr. Blanchette checked with the accountant that the unreserved fund balance was \$2.16 million as of December 31st.

Mr. Blanchette said that he didn't remember; that it was right around \$2 million.

Mr. Hirst said that that was pretty volatile as they paid stuff.

7:15 PM

Mr. Blanchette said that the other thing they had to consider, whether they wanted to consider it or not, was that they had reserve funds; that in an emergency the Town could borrow those reserve funds to pay its bills; that they were in the trust department in full. He added that those totaled close to \$1 million. He said that there were some that may be listed as trust funds and could not be used.

Mr. Murphy said that they couldn't be used as collateral for borrowing.

Mr. Blanchette said no, that the trust funds could not be used, period. He added that, if they were in a dire emergency, it was his understanding that the Board could vote to borrow those funds because they were the Town's funds; that they had been allocated for a specific purpose but they were the Town's.

Mr. Murphy asked if there was any statutory limit on the amount or kinds of monies that the Town could accumulate and sort of own; could the Town play a lottery and win a lottery and keep those funds.

Mr. Blanchette said that that was a pretty good question; that that went back to investment – could the Town buy a lottery as an investment, for example, and the answer was no because they had to assure, as much as possible, the return of the principal, so they could not buy certain investments. He said that, for example, years ago Orange County in California lost somewhere around \$50 million of principal because they invested in something that did not return properly and that was a no-no; that there were towns in the State of Maine at roughly the same time that lost principal because they invested in things that they were not supposed to.

Mr. Murphy asked if there were laws now and who checked up on them.

Mr. Blanchette said that there were laws, then, and there were laws now, and that was why they had an auditor.

Mr. Moynahan said that he thought that the conversation right now was what this Board was comfortable with to have for that dollar figure.

Mr. Murphy said that he thought that they should play it cool, right now, and use it reasonably to keep taxes smooth, but, when things turned around, then they

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should accumulate and have that available for emergencies which sooner or later would come, or there would be a big pile that they could use for something in Town.

Mr. Moynahan asked if there were thoughts on a dollar figure.

Mr. Murphy said \$2.5 million.

Mr. Moynahan said that they did not have that in there now.

Mr. Murphy agreed; that that was something to aim for and would make people feel safer, if they had that much. He added that it might hurt right now to build it up that much.

Mr. Hirst said that it was comforting to know there was \$2 million in that account but he didn't think there was, anymore.

Mr. Moynahan said that \$300,000 was earmarked for York County.

Mr. Blanchette said that he estimated \$220,000 to \$250,000.

Mr. Moynahan said that he thought that there was another \$50,000 that was proposed. He asked Mr. Beckert for his thoughts.

Mr. Beckert said that he would say \$1 million to \$1.5 million, adding that they used to try to keep at least \$1 million in there all the time. He added that the more that was in there the better off they were but, again, he was not against using unreserved funds for one-time capital improvement things. He added that he was against using it for operating expenses; that that, to him, was a no-no. He said that doing one-time capital improvements from tax money already collected and people who would probably vote and approve to do that kept their taxes level and they were still going ahead and doing improvements that needed to be done.

Mr. Dunkelberger said that he echoed Mr. Beckert; that he wouldn't go below \$1.1 million and \$1.1 million to \$1.5 million seemed reasonable for the same thing - capital improvements - to try to maintain a stable tax base.

Mr. Moynahan asked, as a goal, if the Board want to try to aim for \$1.5 million and, if that was not doable, then they would still have some wiggle room at the end of the budget cycle.

7:20 PM

Mr. Dunkelberger said that maybe that was it; that \$1.5 million was the target they did not want to go below until exceptional circumstances.

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Mr. Moynahan asked the Board if that sounded like a practical approach.

After some discussion, the Board agreed.

Mr. Moynahan said that he would write down \$1.5 million in unreserved fund balance; that that should answer the question, for the time being, until the last day of budget to see where they were.

7:22 PM

Mr. Reed said that there had been discussion about getting some sort of feedback from banks or lenders and see what they could do to have a good bond rating; that one of the indicators of having a good bond rating was that they had some amount of money set aside in things like the unreserved fund balance, reserve accounts, or wherever. He added that it would be good to go through that exercise to find out where they stood, as far as somebody that really paid attention to the fiscal health of the Town, instead of just making up numbers.

Mr. Moynahan asked, when they got the bond estimates, did any of those discussions occur...no, they just got that off the Maine Bond Bank.

Mr. Blanchette said yes; that to get a bond rating they had to apply for it and basically had to hire someone to do it.

Mr. Moynahan asked if it would be wise to wait to see if the sewer expansion was voted on and if that bonding was asked for.

Mr. Blanchette said that at that point, if they got approval for the bond, then the Board could make a decision whether or not to go separately, which would entail getting a bond rating, or, to go in with Maine Bond Bank, which had an overall bond rating of its own. He added that it didn't matter if there were ten towns in it that year or only five, it had an overall rating that it got. He said that the Board could talk with a professional and even have the person down for one evening, at that point, to see if this person felt that 'this' amount of bond was sufficient and he thought that he could get a bond rating so that it would be cheaper to go out to get it themselves, or, to go with the Maine Bond Bank. He said that the last time he checked \$6 million was about the point where, if they had a higher bond rating, then it might be cheaper to go out on their own.

Mr. Moynahan said that, as they looked at warrant articles, they could spend some time to review what their options were.

Mr. Reed said that the premise of the exercise was to figure out the target number for the unreserved fund balance; what would be a good goal the whole solvency for the Town; that the sewer expansion project really didn't have anything to do with that.

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7:25 PM

Mr. Moynahan said that it was just a bond exercise; that if it got to that point he thought that they might be going through a bond rating at that point and that was why he suggested waiting until that happened. He added that they reached out to a couple of different entities last time and there was no good answer from anyone, adding that it was like the five Board members guessing.

Mr. Moynahan brought them back to additional budget questions. He had a question from Mr. Dunkelberger for DPW: *If you were to hire a new full-time position, what are the potential offsets in the budget? (I could not hear some of what was said because of the fire alarm going off). Let's assume there is a reserve account for fuel spikes. How does that change your budget?; Need more detail on summer maintenance because you are asking for more than twice what you spent.; 14.5% increase for one employee; Please prioritize the roads for repair for your \$680,000 repair request, the same for the three culvert replacement projects; take a look at the overall budget request. I think we have some overlapping areas requests. Is there a better alignment in different issues?* He said that the last one about the road repair bond he had gotten all that information and he thought that everyone had copies of that information.

Budget Committee questions:

Mr. Moynahan asked if everyone got the questions from the BC. He asked if there were any questions or needed clarifications. Mr. Moynahan said that just this week he compiled all the revenue information to each department so that they had dollar figure totals for each department of what their revenue streams were.

Mr. Dunkelberger said that some of the BC questions confused him and he was guessing that department heads may have some questions. He asked if Mr. Moynahan wanted them to contact him (Mike) to contact the BC, directly, for clarification.

Mr. Moynahan said that they had been trying to have a centralized point of contact so he guessed it would come through him.

Mr. Reed said that, if the Board had questions as they were fielding questions from department heads, then feel free to call on the BC.

Mr. Moynahan said absolutely. He said that he had called his Budget Questions, Directives, Objectives and he had several; that they could do that now or next week.

Mr. Beckert suggested they get them all combined.

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Mr. Moynahan said that these were going to be sent right to the departments so, if they had no concerns of what he was posing or asking them.

Mr. Beckert said that he did not.

Mr. Moynahan said that once these were all put together then the BC would receive a full copy of that, too. He asked if there was any other budget discussion this evening.

Mr. Dunkelberger asked if they wanted to talk about Conservation Commission at all.

Mr. Moynahan said that they had not shown up, adding that he thought some of the question was that they didn't have their budget in front of the Board, at the time, and would supply it.

7:30 PM

Other Business as Needed

Mr. Moynahan said that he received a letter from Mr. Roland Fernald: "*Dear Chairman Mike Moynahan, I'm sorry but because of personal reasons I will no longer be able to serve on the Budget Committee. I want to thank all the people of our great Town who have supported me over the years. I hope in some ways I have made a positive difference in their lives. Please never forget that Eliot is more than just a town of services. It is a community of people coming together, enjoying life through its activities. I resign from the Budget Committee effective the date of this reading. Thank you for your understanding. Roland Fernald*" He said that Mr. Fernald, sadly, has resigned due to some personal issues going on from the Budget Committee and the Board would need to accept that resignation.

Mr. Beckert moved, second by Mr. Dunkelberger, that the Board of Selectmen accept the resignation, with regrets.

Mr. Moynahan said that he wanted to thank Mr. Fernald for all the years that he has put in with every part of all that he has offered to the Town of Eliot through the years.

VOTE

4-0

Chair concurs

Mr. Blanchette said that, if the Board had no objection, he would in, all likelihood, close the office early at some point tomorrow.

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Mr. Moynahan said that, based on the magnitude of the storm, if there was snow on the ground in the morning, then he thought that they should consider calling and closing the Town Hall. He added that that snow was supposed to come in here pretty fast and furious. He said that Mr. Moulton called him earlier and they made the decision to close that; that that has been posted and the public would be made aware through the newspaper, etc.

Mr. Blanchette said that now they were talking that the storm would start at the earliest at 10:00 AM; that that didn't mean there would not be snow on the ground in the morning because there was a little bit of a flurry that could be.

Mr. Dunkelberger said that they opened early on Friday, anyway.

Mr. Blanchette agreed.

Mr. Moynahan said that they could leave it up to the discretion of the department head to close the Town Hall when it seemed appropriate.

Mr. Blanchette said that he would try to make sure that the employees were at home before the bulk of the storm.

Adjourn

There was a motion and second to adjourn the meeting at 7:31 PM.

VOTE

4-0

Chair concurs

DATE

Mr. John J. Murphy, Secretary