

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**July 19, 2012 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):**

**5:32 PM**

**#1** Department Head: Fire Chief Jay Muzeroll

Mr. Moynahan thanked Mr. Muzeroll for coming in and discussed that they were bringing department heads in to discuss certain items they would be talking to all department heads about policies regarding monthly reports.

Mr. Muzeroll said that he didn't have an issue with monthly reports but that he didn't really know what the Board wanted him to report. He explained that he was a little bit different from Mr. Short or Mr. Moulton in their activity of what the Board would want to know and he would like something a little more specific as to where the Board wanted him to be with the reports.

Mr. Moynahan said that that was what he thought they would determine tonight and that, as he didn't have a job description, they would have to develop that, as well, for him.

Mr. Muzeroll commented that they could get to that because he did have a job description that was accepted by the Town.

Mr. Moynahan asked, regarding reporting from the Fire Chief, since they were different from the other departments, what they were looking at – the number of fire calls he has had, training hours, attendance issues, or things of that nature. He added that Mr. Muzeroll was looking for some direction on what the Boards' expectations were in the reporting.

Mr. Dunkelberger suggested the number and type of calls he had, on a monthly basis, any significant training or exercise events he had coming up, any immediate needs or foreseeable needs in the next couple of months that might have an impact on his department, any personnel status like number of current volunteers, and any changes that he knew were coming up – additions or reductions. He said that he thought that was a good start.

Mr. Murphy asked if Mr. Muzeroll had any long-range plans for what the Eliot Fire Department ought to be. He added that Mr. Muzeroll had already mentioned the difficulty of getting volunteers and that was probably only one of them and, in looking over the whole Town and in order to kind of solve this problem for the Town, what was missing and what ought to be done.

Mr. Muzeroll clarified that he would like him to make that an interjection in the report or he would like him to answer that.

Mr. Murphy said that that should probably be a continuing thing but, rather than scabbling to catch up with what's been required from behind from Augusta, or something like that, what would be better for Eliot in the long run and what should the Town be thinking about. Rather than just accepting the way things were and the difficulties they had now, he asked if there was there a better way to

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do it and so forth and his thoughts on that with his long experience. He said that he didn't need an answer know but would like it addressed.

Mr. Dunkelberger suggested that, in looking at his budget, if Mr. Muzeroll saw any potential issues that might be coming up or, even if he said at the other end he was going to under execute in certain areas.

Mr. Muzeroll said that he could mention that but he knew it had been batted around several times doing a bi-monthly or every other month budget review to see where they were. He said that he could mention where they were.

Mr. Dunkelberger suggested just a snapshot and that there might be other meetings they might want to go into further detail. He added that, on the monthly report, to say either everything was looking good on his budget or he was expecting a shortage in something, whatever that might be.

Mr. Beckert asked Ms. Spinney if there was any way to pull off from the existing programs that they used – say they were 20% in to the budget year what their percentage of expenditures were from any given department.

Ms. Spinney said that there was and that it was on the monthly report that she gave each department. She added that, where there were a lot of budget accounts, some budgets might be over but the overall article would be under.

Mr. Beckert asked if the Selectmen were receiving that.

Ms. Spinney said that they were.

Mr. Muzeroll said that, when he looked at those monthly reports, that was kind of how he was basing on – on history – what he spent from one account in the first part of the year and may have to spend in the second half of the year, which helped him budget. He added that, if it wasn't for those reports, his accounting system was not up to par.

Mr. Moynahan said that he had that on the financial list, too, the attention to expenditures versus approved budget line items. He added that other responsibilities that all department heads had was all the financial information regarding bills and that sort of thing need to get to the Treasurer in a timely manner and the use of check cards. He said that the purposes and uses of check cards the Board may define a bit differently but the receipts for those needed to be to the Treasurer in a timely manner, also, from department heads.

Mr. Muzeroll said that one of the biggest complaints he has had was the Town dropping the ball in his ability to access on an hourly, daily, weekly, monthly basis, without bugging Ms. Spinney, what has been charged against his card. He said that they used to have that ability, adding that he didn't know how many departments had a check card, and he used to be able to log onto TD Bank on a daily or weekly basis when he turned his bills in to Ms. Spinney to make sure that what he gave her had been charged against the card. He explained that they had not been able to do that since the crisis.

Ms. Spinney said that the bank shut that whole thing down so that she couldn't even access anything there.

Mr. Muzeroll said that in order for him to do that, and not that it was a huge burden, but he had to go to the bank, himself, and get a manager to give him a run-off, or ask Ms. Spinney to get it for him when she was down there.

Mr. Moynahan said that part of that was the Board working with him to make sure he got the information he needed.

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Mr. Muzeroll said that he got it if he asked but his complaint was that he couldn't get it, himself, and that he was tying Ms. Spinney up to do that. He added that he believed they should still have access to and that he didn't care who provided it to them as long as they had access to what their charges have been.

Mr. Beckert said that another thing they had talked about at the last meeting was grants and donations. He added that the Board was going to ask department heads what grants and donations they were putting in for ahead of time so that they were kind of in the cue only because it was officially on the warrants for the Selectmen to accept the grants on behalf of the Town.

Mr. Muzeroll said that he was usually the other way around, as he put in for all kinds of things and let them know what he got rather than get their hopes up.

Mr. Beckert said that he thought it would be good for the Board to just know what was out there and what the departments were putting in for and any statuses.

Mr. Muzeroll said that he and Mr. Moulton could have four or five pages of this stuff and there were only so many things that would be occurring on a monthly basis.

Mr. Beckert suggested just a bullet list.

Mr. Moynahan suggested that grants might not apply in a monthly report.

Mr. Muzeroll said that this had been briefly talked about before about having the same thing, monthly, for all departments, and either fill in the blanks or don't fill in the blanks.

Mr. Beckert suggested the Board could come up with a form.

Mr. Murphy asked Mr. Blanchette what the legal situation was – were the Selectmen supposed to be the legal recipients of any grants coming in to the Town.

Mr. Blanchette said yes.

Mr. Murphy said that the Board should be, in a sense, signing for it and accepting it on some piece of paper.

Mr. Blanchette said yes.

Mr. Muzeroll agreed. He said that he may apply for it under the heading for Fire Chief and used the Forestry Grant as an example, saying that that came to the Town of Eliot, it did not come to the Fire Department and he thought he notified the Board of receipt of the \$1,800 grant.

Mr. Murphy clarified that he notified the Board and asked if a copy of it went to Mr. Blanchette.

Mr. Muzeroll said that it came to the Board in a Memo that he had applied for and received a Forestry Grant for, he believed, \$1,800 in a matching fund on one of the few reports he has sent the Board.

Mr. Grant asked if that was recent.

Mr. Muzeroll said no, that it was probably this past spring, as it was just now that some of the equipment was coming in.

Mr. Moynahan said that they would try to do a better job of putting notes on an agenda item so that the whole Board was aware and could take an action on it

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once they got a memo. He added that, once the Board got a memo he thought that was sufficient, then it was the Board's task to make sure the entire Board was made aware to make an action.

Mr. Murphy asked how that tied to the Town Treasurer. He asked if, when she received these grants, there was a special line item on that.

Ms. Spinney said that they just put it into an account and it was in the monthly report.

Mr. Hirst said that Emergency Management came under Mr. Muzeroll's jurisdiction and asked if he could include something on that, when appropriate.

Mr. Muzeroll said that there was not a lot going on except when they were in crisis mode.

Mr. Murphy suggested even stating that might be useful.

Mr. Hirst discussed NIMS compliance, which he thought was looked at every year, and asked if they were compliant.

Mr. Muzeroll said that they were compliant and that it was current.

Mr. Hirst asked if everyone who needed to take the NIMS required course taken it.

Mr. Muzeroll said no; that it wasn't in the training plan for NIMS compliancy for the Fire Department and, as needed for Town departments, full compliance goes out to 2014/2015 of everybody, including the Board. He added that, as far as the Fire Department, 2013 was the end date for him to have everybody to have the four classes that were required.

Mr. Hirst asked who it would be who would keep them apprised of when they had to do what, as he believed the Selectmen had to take these courses, too.

Mr. Muzeroll said that there were some courses that people within town government were required to take and he believed Mr. Blanchette stood first in line.

Mr. Dunkelberger clarified that NIMS stood for National Incidence Management System, which was a federal system organized by Homeland Defense.

Mr. Muzeroll discussed NIMS, saying that that whole umbrella of NIMS was a process in which they all held hands together, even though they had different functions – they all trained together in emergencies, talked the same, all spent the same dollar and they all applied for recovery in the same manner. He added that, rather than arguing between Town departments, they argued as a unit and, as part of that to include the Fire Department, Police Department, certain personnel in the Highway Department and certain personnel within the finance regime of the Town were required to have some prerequisite knowledge training. Mr. Muzeroll said that what Mr. Hirst was talking to was that, in order for the Town to stay compliant, explaining that for him to apply for certain federal and state grants he had to meet certain requirements in order to comply. He said that, when he took over, they weren't; they were now and have been for a couple of years with the training plan and that was the only thing that kept them from 100%, adding that it had been identified and given them 100% credit. He explained that after 2013, if they didn't follow through with that plan, they could ask for an extension. Mr. Muzeroll said that his problem was that he had a revolving door, similar to what may happen with the BOS in that they may change hands every couple of years, and he might have a gung ho guy and spent all kinds of time and effort getting

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him the four classes, then he leaves and Mr. Muzeroll would get a new guy and start all over again. He said that that has been recognized at the State level but NIMS compliancy was NIMS compliancy and, if someone walked in and wanted to see records and he didn't have them because the guy had only been there for 30 days, then that became an argument factor. He said that he could certainly keep people advised of what was going on with EMA, NIMS, FEMA and NEMA.

Mr. Hirst said that the other thing was on the issue of dispatch. He said that he saw something in the paper that said that South Berwick and Kittery were collaborating on a matter of dispatch and absent from the paper was any mention of Eliot. He added if they were being intentionally excluded or if the paper was wrong.

Mr. Muzeroll said that he would assume, as far as he knew, that there was an error and were not included in any discussions. He added that his official take on that was that Kittery was doing their things and Eliot could go do whatever they wanted to and, if the two sides weren't talking, then what were they going to do.

Mr. Hirst asked why they would not want to talk with adjoining towns.

Mr. Muzeroll said that nobody said that they did not but Eliot needed to know they were talking before they could have a conversation beforehand, not after.

Mr. Moynahan said that the Board did have a Memo that they would bring up at their next meeting regarding the dispatch situation that they had.

Mr. Muzeroll said that this was a continuation of the dilemma that he spoke about before of just things going on. He added that he and Mr. Short talked extensively about the commonality of their dispatch issue and that they were sometimes left out of the conversation and, sometimes, that was not a bad thing, but no one was to the point where they were doing anything; that right now everyone was running around and doing this and doing that and he wasn't sure they were even at the point where they could offer anything other than time in the seat because Eliot isn't have a service and wherever they decided to go would be pretty much where they decided to go if somebody went somewhere. He said that they were all cutting each other off at the ankles, right now, trying to get the work, so he and Mr. Short were sitting back waiting to see where it would go. Mr. Muzeroll said that one of the items he and Mr. Short wanted to talk about, which he believed would be in executive session, was some issues with dispatch. He added that he hadn't answered Mr. Hirst's questions, saying he didn't even know they were having conversations until he read it in the paper.

Mr. Hirst said that he did, but he would preface that by saying that he didn't know if the paper was right or not. He added that he was wondering if they ought not to be a bit more proactive to be sure that Eliot did not get left out of the process.

Mr. Muzeroll said that he couldn't do much more than to tell Kittery that they had an obligation to include Eliot and they would say that all they were doing was talking to people, that Eliot could go talk to whomever they wanted to and asked how he would argue that. He said that they didn't have an obligation to include Eliot in anything because they haven't done anything. He added that the paper was relaying that they were in discussions, he was sure they were in all kinds of discussions that the word Eliot came up and Eliot was not involved with. He said that it upset him that there was not a good faith – both he and Mr. Short had voiced their opinion through the liaison and the Chief in Kittery and he did know that, probably, Mr. Short was talking with Mr. Callahan than he was on a continuous basis about dispatch.

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Mr. Hirst said that they were facing the prospect, or at least what has been said is the prospect, of a massive increase in dispatch costs from 60,000 to the vicinity of 100,000, that those were the numbers he had seen.

**6:50 PM**

Mr. Muzeroll agreed and said that he did not know about the numbers, that he didn't know if they could accurately name the numbers but they were getting a great deal at \$60,000.

Mr. Hirst said that that was what he was told.

Mr. Muzeroll said that whoever determined or whoever Eliot was with, whether they followed Kittery, got to York or South Berwick or they went to South Georgia; when it came to that point, Eliot had to determine, as a community and as a group, as to how these costs would be derived, as there were so many ways right now a rate could be decided on and, right now, South Berwick was saying one thing and Kittery was saying another, York said another, and no one was giving Eliot real answers as to where they were coming up with the rate – number of people, number of bedrooms, number of cars, number of selectmen, just nothing.

Mr. Hirst said that his last thing was the status of the tanker and asked if Mr. Muzeroll had gotten that sold.

Mr. Muzeroll said no and that, as a matter of fact, he had an email ready to go out to the Maine Contractor's Association. He added that there was no fire department in the world that wanted that thing because the grant money has been so good. He said that he was finally able to, through the fire department, get an email address for MCA and that they were trying to sit down, as a group, to see if someone needed it as a water truck or oil truck or something. He said that, based on its' weight, he could probably get about \$2,300 for it at Berwick Metal and he thought it was worth a little bit more than that and it deserved more honor.

Mr. Murphy asked what its tank capacity was.

Mr. Muzeroll said about 2,500. He added that the tank would not pass inspection.

Mr. Moynahan said that another question was what the Board could do to assist the Fire Department. He added that that was an important piece, too, and added that they were not putting him in the spot right now but, at any point in time that Mr. Muzeroll needed something, then he should feel free to come to the Board.

Mr. Muzeroll said that he could honestly say that any time he has needed something, even though he hasn't always gotten what he wanted, he has pleaded his case to the Board and not walked away totally frustrated about the process. He added that they were all in agreement that they were not a perfect department; that they had up to 45 different personalities; but they were all from this Town so the decisions they made affected everyone in the Town. He said that they had been open, honest, he didn't ask for anything extravagant but, if he did need something, they usually [worked with him]. In talking about budgets, saying that he was pretty vocal about that the other night, his budget was probably fairly easy because it was not a volatile budget, per say. He added that, years ago right after he took over, they agreed to how he would spend money, how they separated payroll money from operational money and, if there was payroll money left over, it went back to the Town. He added that that was part of feeding that surplus system. He said that he could not predict fires or major events but one of the good things was that, if they had a major event, he and Mr. Moulton and Mr. Short were very proactive in trying to re-coop as much money to this community as they could. He said that they got back about \$17,000 last year.

Mr. Moynahan asked if Mr. Muzeroll had anything he wanted to discuss.

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**5:52 PM**

Mr. Muzeroll discussed an issue that kept coming up at Selectmen meeting after Selectmen meeting. Using Mr. Moynahan as an example, he said that Mr. Moynahan was a contractor and, at any given, time he could have half a dozen people working for him and at the beginning of a day he went to one of his employees and said, "See that house lot, there. Build me a house.", and he walked away. He said that that was all that employee had for direction and the problem with that was that, when he went to build that house he was not really sure what direction he was going to go in, doing whatever he thought was right; whether it was right or wrong or he got permits or not, however he did it he would just go ahead and do it because he was still not getting any direction. He added that he thought that was what was happening here; that they had a number of boards, committees, groups that maybe need it but were walking away with no real direction. He said that the Board, as the current CEO of this organization, he believed had an obligation to, no matter what that committee or board was, define clearly and in writing to all people involved with that board and the interaction between departments and Townspeople a clear understanding of what they were supposed to be doing. Mr. Muzeroll said that one of the problems he was having right now was that there were a number of committees out there, and have been out there for quite a while, that needed to be reviewed. He said that, recently, he got a memo through Mr. Blanchette from Mr. Hirst that, if there was an inspection, he wanted to be there. He asked under what authority and why did Mr. Hirst need to be there, who told him he needed to be there to go through an inspection process of his Fire Station and his records. He added that he did not believe it was in any record that ever came about in any committee, saying that he knew Mr. Hirst was well-intended, but why did that need to happen and was he specifically directed. He asked if Mr. Beckert was specifically directed, eventually, to do things as Chairman of the Building Committee; well, he thought they had to ask several times the direction the Board wanted them to go in before they got that direction. Mr. Muzeroll said that it would be a lot less heartache for him, not speaking for the other department heads, that, if the Board was going to appoint a committee and follow the rules and regulations of appointing, review at the end of every year, reappoint as necessary, whatever that task was, write it down so they knew what that task was because he didn't need to be micromanaged by somebody who thinks they needed to help him. He clarified that, in defense of people who were running around doing things, he was pretty sure, and he wasn't picking on Mr. Hirst, that the thought they were doing something that was right for the Town but they were doing whatever they felt like doing. Going back to the contractor example, he said that, as that boss and that contractor, if that employee built that house wrong, then how could he complain.

Mr. Moynahan said that that was a great point and he would make sure the Board had that as an Action Item that they would address.

Mr. Hirst said that approximately two years ago he was appointed to be the Insurance and Risk Management person for the Town; he drew up a mission statement, submitted it, and it was approved by the BOS, so there is the authority.

Mr. Muzeroll said that that was not an authority and asked if he got that authority every year.

Mr. Hirst asked if it had to be renewed every year.

Mr. Muzeroll said that it did, adding that every committee had to be reappointed every year by the BOS.

Mr. Hirst said that he had never been reappointed. He asked if he had no standing.

Mr. Muzeroll said that he didn't say that, saying his concern was why Mr. Hirst needed to interfere.

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Mr. Hirst said that he didn't know that it was interference, that it was something he did that was insurance and risk management.

Mr. Muzeroll said that he guessed that he called it micromanaging.

Mr. Hirst said that his purpose in accompanying the inspector was to make sure that he understood what the problems were so that he could oversee and make sure that they got done.

Mr. Muzeroll clarified that Mr. Hirst would oversee him, is that what he just told him.

Mr. Hirst clarified that he would oversee and make sure that recommendations got done.

Mr. Muzeroll said that, in other words, he didn't have the capacity to do that.

Mr. Moynahan said that he thought they would bring this up at a different time for a conversation as it related to that specific issue but, in the meantime, he did think it was wise of the Board to review the Board's goals and objectives.

Mr. Hirst said that he was glad he mentioned that because he didn't know it had to be renewed.

Mr. Muzeroll reiterated that he was not picking on Mr. Hirst and knew that he was well-intended but he did not need someone in his hip pocket following him around doing the job he was supposed to do. He added that, if he was not doing the job, which sometimes he did not always do the best job, he expected to be brought up before the Board and asked questions about it. He added that Mr. Hirst needed to give him a chance to do things because some of the things they did in these inspections Mr. Hirst didn't have the right to know about. He clarified that when he was doing things that involved personnel records those were right-to-know issues that had nothing to do with risk assessment.

Mr. Dunkelberger said that he was not following Mr. Muzeroll, there, because Mr. Hirst was a Selectman and asked what he wouldn't have the right to know or do as a Selectman.

Mr. Muzeroll said medical records, that he was reviewed all the time with his medical records by his department of labor.

Mr. Dunkelberger said that that did not mean Mr. Hirst was reviewing medical records.

Mr. Muzeroll said that he couldn't even be privy to them because of HIPPA laws.

Mr. Dunkelberger understood that but, again, because he was a Selectman...

Mr. Muzeroll said to tell him what Mr. Grant was allowed to do as that might be easier than him saying no, he couldn't; show him the law, rule, or regulation that allowed it.

Mr. Hirst added here's what he could do and here's what he couldn't do.

Mr. Muzeroll said that it didn't necessarily have to be about this. He asked if Mr. Dunkelberger could go over there and tell one of his guys to do something.

Mr. Beckert said that he would throw this out there because he had probably been involved in this longer than anybody. He said that an individual Selectman had no authority unless the Board gave him that authority so, if the BOS tasked a

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Selectman to do something, then that was the law, the power that they gave him. He clarified that, if they didn't task an individual Selectman to do something, then they couldn't just go out there on their own, outside of this body, and start micromanaging or asking questions; they have no power unless this Board sitting here voted to have Mr. Dunkelberger go look at MSAD #35 for the ECSD, which they did last week; that was what gave that subcommittee the authority and, until they (BOS) did that, once Selectmen walked out this door, they were individuals.

Mr. Dunkelberger said that he understood about going to do something but, with regard to asking questions, Mr. Beckert was telling him that he needed to come to this Board, first, before he could go to Mr. Moulton to ask how something worked.

Mr. Beckert said that there was a Town policy, he believed, that was written and passed by the Town that governs boards, committees, and commissions that addressed the fact of individual members of any board, committee, or commission not running out as rogue members seeking information without the board they belonged to knowing that. He added that they had an incident and that was why that part of the ordinance was written, saying that they had an incident back in the late 1990's or early 2000's with a member of the Budget Committee going to other municipalities, using their official position, to request official information. He added that the BC, themselves, didn't know that individual was doing that and nobody in Town knew that individual was doing that and the only way they found out about it was because the Town Manager of Kittery, he believed, called and asked if they were supposed to be interacting with this individual.

Mr. Dunkelberger said that he understood going outside the Town but, again, he went back to inside the Town and maybe he needed to review it because he was not following the rationale behind it.

**6 PM**

Mr. Beckert reiterated that an individual member of any board, committee or commission has no authority unless that board they sat on gave them that authority.

Mr. Moynahan suggested that they bring this up at another time and keep on schedule because they had another department head scheduled. He added that he had that written down to follow up on.

Mr. Muzeroll clarified that he was not doing this to be argumentative to Mr. Hirst, the Board, or anybody else. He said that his point was that, when it came to matters of inspection, running the department, or doing whatever it was, then give them a shot at it first. He added that, if he needed help, then he was more than willing to ask for it. He said that Mr. Hirst had helped in the past but let the department get through whatever they needed to get through – if there were no problems, then there were no problems, because if there were problems he had to report them or they were reported to the BOS anyway – then let's see who else might want to get involved or how it should be handled. He said that he thought that was how they did it in the past.

Mr. Moynahan said that that was fair enough. He hoped that this had been a productive meeting for everyone.

Mr. Moynahan discussed the letter that was sent to Kittery in regards to the 2-Way Communications bill. He said that, after reviewing this and looking at the dates on the invoice, he certainly wanted to at least put this out there that this Board should pay the invoice even though the practice may not have been as acceptable as they would have liked. He said that, to put a subcontractor out since March 30<sup>th</sup> didn't seem like a very good practice to be into, to make somebody wait that length of time for payment.

Mr. Muzeroll agreed and added that he pretty much said that at the last meeting.

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Mr. Murphy said that he had sort of a technical question with regard to this bill. He said that he wondered if there was an issue with regard to this occurrence or event as there seemed to be, in reading the fine print in the bill and not being an expert in kilowatts or multi-couplers, an overlap in the operation of Eliot's subsystem with Kittery's subsystem and he took it that Kittery decided not to do anything to their subsystem but to all Eliot's part of the subsystem so as not to cause that overlap; that they worked on Eliot's equipment in such a way that it no longer overlapped theirs. He asked if that was true.

Mr. Muzeroll said yes, to a point. He added that he did not know that Kittery would have had the opportunity to make like repairs to solve the problem. He said that, if Mr. Murphy was inferring that they chose to have the fix on Eliot's side rather than have the fix be on their side, then he did not know and he did not ask that question. He added that that was a fair question.

Mr. Murphy asked if he was aware of this overlap problem before they corrected it.

Mr. Muzeroll said that he was aware that they (Eliot) had paid several hundred dollars, and maybe thousands of dollars, over the last couple of years to fix this very problem that they just sent him a bill for that the he kept being told would never happen again.

Mr. Murphy clarified each time it would never happen again.

Mr. Muzeroll said that Kittery moved their radio transmission antennas to the water tower in Kittery and Eliot wasn't invited, so, they did a bunch of stuff and part of that engineering process should have, to him, taken that into consideration. He added that that did not mean that the problem would not have existed but should have been looked at a little bit closer – would there be more interference caused by Eliot's radio frequency in their move.

Mr. Moynahan said that, hopefully moving forward, Kittery would get the point that Eliot wanted to be communicated with if there were going to be repairs so that the Chief was aware and could make a decision at that point and Eliot wasn't blindsided with a four-month old bill.

Mr. Muzeroll asked if Eliot was going to pay that bill.

**6:07 PM**

Mr. Moynahan said that, after seeing the length of time, the date of that invoice, his opinion would be to pay the contractor; that this didn't come from Kittery and they threw the contractor right in the middle of this. He added that it would be a shame not to pay 2-Way Communications who Eliot has had several dealings with over the years and a good working relationship with over an inter-town dispute of sorts.

Mr. Murphy said that Mr. Moynahan's last paragraph (letter to Kittery) said: "Once we have your response, in writing, we will bring it back for discussion." He asked if the Chair wanted the Board's approval to send this letter now.

Mr. Moynahan clarified that he had been thinking that it was Kittery who sent the bill but it wasn't; it was really 2-Way Communications that was seeking payment. He added that it was more intended that Eliot would pay Kittery upon more conversation and then he thought about it more after it was sent and that it seemed not to be the right avenue, that Eliot should at least compensate the subcontractor who was put in the middle of this.

Mr. Hirst clarified that the letter hadn't gone yet.

Mr. Moynahan said that it had been sent.

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Mr. Murphy said that he would imagine that he would respond immediately and maybe the Board could agree tonight that, when he did respond, if he did it in the proper way Eliot did not object to paying it.

Mr. Moynahan said that they could bring this up a little bit later, too, to get a final decision on what they wanted to do.

Mr. Muzeroll clarified that he came because he did not have the money to pay. He asked if Mr. Dunkelberger was at liberty to expound on his comment he made at the BOS meeting that he had first-hand knowledge of this.

Mr. Dunkelberger said yes. He explained that part of his federal job was to identify when there were inappropriate commitments of funds.

Mr. Muzeroll clarified that he was not talking specifically about this. Mr. Dunkelberger said no, not about the specific problem – the process – and that was what he was saying that Eliot should really not have gotten that bill; that bill belonged to Kittery, not Eliot.

Mr. Muzeroll said that that bill initially went to Kittery and he believed Chief Callahan had it readdressed.

Mr. Dunkelberger said that someone should be talking to 2-Way to say that's...

Mr. Muzeroll apologized, as he thought Mr. Dunkelberger had specific knowledge about this event.

Mr. Beckert said that Kittery received the bill in March.

Mr. Muzeroll said that that was what he understood.

Mr. Beckert clarified that that was with Kittery's name on the letterhead so all that 2-Way Communications has done was to take the original invoice and put Eliot's name on it; and asked when did Eliot see this from Kittery or get this from 2-Way.

Mr. Muzeroll said that he sat on it for about a month, he stewed, so he probably saw it in April. He added that 2-Way was accruing interest on it now.

Mr. Moynahan suggested they take this up at the end of the meeting, as they needed to move forward with the agenda.

Mr. Muzeroll thanked the Board for allowing him to be candid.

**6:10 PM**  
**#2**

Department Head: Director of Public Works Joel Moulton

Mr. Moynahan said that they talked, as a Board, to bring department heads to discuss all sorts of different things so, as the Board has gone through with Mr. Muzeroll, they would with Mr. Moulton, as well. To stir the conversation, he discussed that page 3 and 4 clearly describe what the Board's expectations were for the some of the reports they were looking for, which included posted schedules and things of that nature. He added that the Board wanted to make sure, in fact, that they were receiving those. He said that they talked, as a Board, that they wanted to receive financials and were entertaining the idea of having additional meetings or, at least, request additional information as it related to expenditures versus approved budget lines; that the Board wanted to encourage all the department heads to be proactive with their budgets to make sure the expenditures were in line with what was approved; that all bills and financial

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information needed to get to the Treasurer in a timely fashion; use of the check card, saying he didn't know if Mr. Moulton had one.

Mr. Moulton said that he did not and that he did not want one.

Mr. Moynahan said that that took that question mark right out of it and he hoped that stirred up questions from others. He added that they had questions on the warrant, at times, and they had a book in the office, adding that any question from one Selectman should be responded to all five, in writing (which would be best, especially as it related to financial issues); tracking employee earned time so that the Board had a running tally of how difficult that was and something for all of them in discussing the reports, clarifying that, if someone had 6 weeks total at the beginning of the year, with the Director adding and subtracting throughout the year, the Board wanting an ongoing tally as opposed to the handwritten one by the employees currently.

Mr. Moulton said that those (earned time) were reviewed by him every week, just so the Board knew, on time cards.

Mr. Moynahan said that it would be nice for the Board to see that.

Mr. Moulton asked if he wanted to see a summary-type thing.

Mr. Moynahan said perhaps, but that would be for a Board discussion to determine, as he was just bringing his thoughts to the table. He added that an important thing was what the Board could do to assist him in his operations – back with financials quicker when it came to budget preparation or things of that nature – what was he lacking from them he thought was an important question to ask of department heads. He asked if the Board was proactive enough or quick enough with some of Mr. Moulton's needs being met.

**6:13 PM**

Mr. Moulton said that he thought the needs were good and was at just about every meeting because he almost always had something, whether it was sewer or transfer station or highway, so, he was there because he always had a request for something, which was usually above his purview of \$2,000 and required Board approval. He reiterated that he thought that was fine, adding that it was up to him to be proactive to bring any requests to the Board before he needed it, unless something came up, so he didn't see that as an issue. He asked to speak candidly. He said that what he saw was that the department he had, and had taken over, was in a rebuilding mode. He explained that the infrastructure was failing, residents were coming in with concerns around drainage, things that were unforeseen that pop up. He added that, bluntly, he inherited a mess. He added that the Town buildings were in disrepair, adding that he did what he could to fix things but they talked budgets and they talked cuts. He added that he thought there was a memo he gave them today, which he would like to talk about at the end, in regards to a pick-up truck that he had and thoughts and ideas on that. Mr. Moulton said that, as it related to cuts, in his department, from what he has been told by people who work for him, it was very easy to cut the big-ticket items out of that department and, now, they were paying because the cost of things had escalated. He added that he tried to be as creative as he could be; adding that the first budget was usually that this was what they were looking at and everyone was shell-shocked because it was a real number; what he tried to do was take care of 6,500 residents because he got the phone calls on a given day. He clarified that, sometimes the Board was aware and he tried to keep that (details of specific event) in the monthly report but he got those calls and it was did they help the State fix something because it was more of an issue because the State was not as proactive as Eliot was – things like that were a concern. Mr. Moulton said that, to be blunt, he was one guy and he could really use an expansion, as he didn't have a secretary and his foreman worked in the field, so, he wasn't a second-hand office person. He clarified that he had three working guys and a mechanic so he was

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what he considered short-handed. He added that his summer maintenance was buildings, mowing, and things like that; adding that he had no assistance – he did his own payroll, his own bills, his own reports – so, when the Board asked for more, and he tried to get out and help the guys as much as he could, they were asking more from him (which was fine because that was his job) but that was taking his assistance away from them. He said that if he was down someone because of vacations, then he tried to get out to help so, even when they got to the seasonal person, then that would have worked but, again, they had to look at cuts and he felt that his department was way behind. Mr. Moulton said that he found that frustrating, at times, because he wanted to help but, yet, there were things he was obligated to get to the Board that didn't come in a timely manner, sometimes, because he put them and their needs ahead of his and what he needed for the Board, which might not be right and he might be wrong and was his choice, and he expected the Board to tell him if they didn't agree. He clarified that, in order to get things done for the residents in Town, he needed help; reiterating that, when things were stepped up for him, it took him away from them. He said that they served 6,500 people and believed that, when the whole Town wasn't screaming at him, then he thought he was doing his job. He again said got he frustrated at times, adding that the Town has accepted 19 new roads since 1986, the crew size hasn't changed, he tried to do more in-house and not sub-contract out, which saved the Town money but also increased his workload.

**6:18 PM** Mr. Dunkelberger suggested, regarding office help, that for the short-term he might advertise for a college student or smart high school student that might be just looking for a bit of summer spending cash.

Mr. Moulton asked how he would fund that.

Mr. Dunkelberger agreed things were tight but it would just be for the summer. He added that he didn't know what Mr. Moulton's budget looked like right now but it probably wouldn't be that much of an expense.

Mr. Moulton said that summer was his busier time regarding his budget because he was front-loading everything right now, that he was spending money to beat the band until November. He added that, come November, they slowed down and winter was just winter maintenance and they did what they could do with the weather and everything else. He said that his expenditures were now and that he would have probably close to 75% of his budget spent by the end of November. Mr. Moulton said that Mr. Dunkelberger's suggestion could potentially help but the word was, at budget time, to cut and not just from the BOS but cut didn't always get one where they needed to be. He said that he saw it as a balance, an equal balance that would work, and he hoped that that was where he hoped they could get to.

Mr. Dunkelberger said that he was thinking of somebody for minimum wage who could come in to do some filing and some reports that would help him out.

Mr. Moynahan said that Mr. Moulton said it several times that some administrative or secretarial help would certainly take the burden off of him to effectively manage his department. He added that it would be more useful than another set of working hands.

**6:20 PM** Mr. Moulton agreed. He said that just doing the payroll and bills that he would just have to review would be faster, adding that he kept a ledger book when he did his so he knew where his budget was before Ms. Spinney. He said that he would go through and look at his budget lines to see where he was at and he would know what he could spend so that, when he came to the Board, he already knew what he could spend before he got his monthly report from Ms. Spinney because it was all broken down, adding that he knew what line he could pull from and where he was comfortable. He said that he had a book for the Highway Department and one for

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the Transfer Station and that it was like a balance sheet, so he knew real time, which helped him a lot. Mr. Moulton said that, when he asked the Board for something with a dollar amount, then he was very comfortable asking because he has confirmed his numbers with Ms. Spinney. He reiterated that having someone do payroll would help.

Mr. Murphy said that the already employed an assistant for the ECSD, Judy Hatch, on a part-time basis and asked if she would be available to help for half a day or a day. He asked how long this person would have to work to do this.

Mr. Moulton said that, in his honest opinion, he thought Ms. Hatch was a little more expensive than what they would need.

Mr. Murphy said that that was his worry but that she also moved fast and with less error than a new intern who would need to be overseen for quite a while.

Mr. Moulton said that he would still oversee the person and nothing would leave his fingertips before coming to the Board.

Mr. Moynahan said typing memos and data entry for his budget he would agree that was more effective than a quasi-accountant.

Mr. Moulton said exactly, or make phone calls, adding that, when he gave them a budget he gave them real numbers because he backed it up with information and was usually based on the contract awarded the year prior. He added that whatever dollar number he was asking for from the Board, it was real and not something he was pulling from the air, and he gave them the information for it, which was how he liked to do his budget, as that goes to transparency, that he had nothing to hide and the Board could see everything his department did. He also said that he backed everything up with a real number because there was a real cost and that his budgets were very thick. Mr. Moulton said to have someone 10-15 hours a week might be the number they were looking at, depending on what might be required, as he didn't always do bills, for instance, every week, that sometimes he did them every other week. He added that time would be good because, when he was not around, Donny does the time and, when Donny did time, then that was time in the morning when he was not out getting people moving. Mr. Moulton said that those were some of the issues he had, adding that he could be more proactive with them, give a little more street time than he did. He said that he generally stayed an hour after the guys left for the day to do some of this stuff, that he didn't charge anybody for it – it was a free hour to the Town, but that was quiet time; phones weren't ringing and he could get a lot done in an hour. He said that help there would be good. He also asked that the Board keep in mind that, when they asked for more from him, then they were asking more from him, not the department, because he generated all the paper. He discussed his frustration with conversations at the last meeting as they were talking more paper and he saw it coming and was why he asked for extra help during the budget process and because of cuts they didn't get it.

Mr. Moynahan said that, as the conversation was playing out now, the secretarial may be a better fit for the time being for his department, which was not such a financial burden as he phased in to that type of thing.

**6:22 PM**

Mr. Moulton said that he didn't know the work load of people in this (Town Hall) office, wondering if he could possibly share one person a few hours a week, adding that that person would already be a current employee and 10 hours of that person's pay could come out of his budget. He explained that that was what he did in his previous job, he shared someone from the clerk's office that helped him with his secretarial stuff and that was a breath of fresh air, just keeping up with bills and that stuff was a plus.

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Mr. Moynahan said that he thought they could certainly explore that and asked Mr. Blanchette to have a conversation with the employees, as a start, to see what their workloads were and if it was even doable. He added that, if not, then they could try to be creative and find some hours a week that wouldn't incur fringe benefits and that sort of thing, which he wasn't budgeted for. He added that that would be good if it made his department more effective.

Mr. Moulton agreed. He said that he was trying to be as effective as he could but, when they were asking for more paper, then it was taking more away from him.

Mr. Moynahan said that he was tasked to manage a department and that was why they were having these conversations so that they could know what it would take to effectively manage that department.

Mr. Moulton said that, fortunately, he had a good foreman and he could say something and they were off and running.

Mr. Dunkelberger suggested they might put it out there on the website to see if they had any volunteers around Town that would be willing to come in and donate some time.

Mr. Moynahan said that they had a conversation about that with the code office and he didn't believe there were any concerns as far as legal issues, clarifying that with Mr. Blanchette.

Mr. Blanchette said yes.

Mr. Hirst said that his sister worked for the Town of Wearham, that she was a senior, that she worked for 100 hours and, in exchange for that, she got \$750 knocked off of her tax bill. He added that he didn't know if that was anything that would interest the Town but that was a way to get competent help.

**6:28 PM** Mr. Murphy said that the State of Maine has a law that permitted that.

Mr. Moynahan said that it would still have to be budgeted for, though.

Mr. Murphy clarified that Mr. Moulton was telling the Board that he was overworked and needed help of a certain kind.

Mr. Moulton said that he was comfortable, now, but he heard asking for more coming; so he was putting that out now because he heard the request for more paper. He clarified that he did not feel overworked but he saw it coming that he was going to be buried in paper and ineffective as a department head.

Mr. Moynahan said that the paper was an important part of what Mr. Moulton did; that they should try to create a budget process that was done effectively and managed effectively.

Mr. Moulton reiterated that when he wrote a memo he liked to give the Board all the information they needed so that they could make a decision and not have 15 questions. He added that they were lengthy but he tried to include everything he thought they would ask so that the Board could make a decision when he asked for something. He explained that when he asked was usually when he needed or he was preplanning that he would need something, using the guardrails as an example of something he had preplanned – that he did that at the last meeting so that he could then schedule it – that that was just the way he liked to do things.

Mr. Dunkelberger commented that Mr. Moulton did it very well because he usually had very few questions when he presented something.

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The Board members agreed.

Mr. Moulton said that he had a couple of other things.

**6:30 PM**

Mr. Moulton discussed employee expenses. He said that, as they went through the next budget season, he knew this would come up again. He said that he had a small department and, when they started dipping into people's pockets, then it got hard. He added that he would like the Board to think strongly about the possibility of 36 hours, which came up last year. He explained that he was in a rebuilding mode and could use more than 40 hours, but 40 was what he had to work with and cutting those hours would adversely impact his department.

Mr. Moynahan said that the Board was going to be more proactive, too, having budgets and specific goals, bringing the departments in to share them early on so that they could have more open conversations and hear how it may or may not affect certain departments. He added that they would not wait until the 11<sup>th</sup> hour.

Mr. Moulton agreed that would be good.

Mr. Moulton discussed intermunicipal actions. He said that he did a lot of things with Kittery, South Berwick and even Berwick, as far as swapping equipment, etc., to save money. He said that this was like a barter tool, that none or minimal money had to be exchanged. He said that Kittery helped them with their catch basin last year and charged Eliot \$130/day and subbed out to catch basin cleaner it would be \$130/hour. He added that that stuff worked, in his opinion. Mr. Moulton said that he didn't know if the Board had heard but the Berwick/South Berwick Public Works Director resigned in Berwick, so that meant the contract in South Berwick was null and void. He added that they picked him up full-time as a taxpayer? in South Berwick and he didn't know about that. He said that, when they talked transparency, there were a lot of things that went on in other municipalities, adding this Board was pretty transparent and should be commended for that because he has worked for one and live in one that aren't. He added that he truly believed they were really transparent and put a lot of information out there for people – he thought that was good, that people needed to know, and that they did a good job.

**6:35 PM**

Mr. Moulton discussed committee meetings. He said that they talked about trying to be involved with committees and, as Mr. Muzeroll said, when they affect his department, then he liked to be involved, adding that he liked to attend as much as possible. He added that the committees were good but, as Mr. Muzeroll said, let's keep an eye on how many there were. Talking about the Solid Waste Committee, he said they were down to meeting four times a year, now, not once a month because he has gotten to a point where he didn't really need them. He did add that it was good to have them to bounce ideas off of and for help with other things. He said that it works but their involvement as department heads can get extensive if they want to be involved and know what was going on.

Mr. Moulton discussed communications. He said that some communications in certain areas amongst departments in Town were not good, in his opinion, suggesting they might want to review it.

Mr. Moynahan clarified that he was talking about inter-department communications.

Mr. Moulton said yes. He clarified that he was not going to elaborate on it at this time but there were things that went on that needed to be looked at because it caused more hate and discontent and things like that. He added that, if the Board wanted him to elaborate, then he thought that would be an executive session.

The Board agreed.

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Mr. Moulton discussed the 1997 Dodge Ram 2500. He said that he had some unforeseen repairs to this pickup truck, explaining that the transmission has been rebuilt 3 times and, once again, the transmission has become an issue, adding that it also required some body work. He said that, in his opinion, the estimated cost of repairs (\$4,423) superseded the value of the truck. He wanted to inquire with the Board about the possibility of looking for a newer used pickup (in good/excellent condition) or research the possibility of a lease/purchase for a new pickup truck while working within the limits of his vehicle reserve account without depleting it. He added that he had \$53,000 in his reserve account, with a lease payment he believed they would be approving in the warrant this week of \$18,181.90 for a John Deere Backhoe, that would leave an estimated balance of \$34,818.10. He said that the intent would be to utilize between \$10,000 and \$15,000 as a replacement cost for the Dodge pickup, which would leave an estimated \$19,818.10 in the reserve account if \$15,000 was used. As an aside, he said that he has allowed the ECSD to use his 2001 Ford F150 pickup since she didn't have a vehicle for their summer maintenance operations. He added that, unfortunately, the Dodge pickup played a vital role in both summer and winter maintenance operations for the Highway Department. He said that, once again, he was left with frustration as it was his understanding that, prior to his tenure, the vehicle reserve account and paving budget lines were two items always reduced to save on budget increases and he was once again faced with a need with little or no funds to support that need. Mr. Moulton said that his intent with the budget increase he received this year was to replace two pickup trucks with another mid-size dump truck within the next 2-3 years but this repair was a current, unforeseen need. He added that he was looking for direction from the Board on whether to move forward with researching this and possibly a resolution.

**6:38 PM** Mr. Moynahan said that having estimates with vehicles Mr. Moulton might be exploring would be helpful to see in trying to see if they were going to take it from that reserve account.

Mr. Moulton said that he would like to do that next week but he didn't want to do that leg work if the Board said no.

Mr. Moynahan said that this was a legitimate need.

Mr. Beckert said that he knew these meetings were called workshops but they were regular Selectmen's meetings so, if the Chair would accept a motion.

Mr. Moynahan said that he would.

**6:39 PM** Mr. Beckert moved, second by Mr. Murphy, that the Public Works Director be authorized to move forward with seeking estimates on adequate vehicles to replace the 1997 Dodge Pickup Truck.

**VOTE**

**4-0**

**Chair concurs**

Mr. Moulton thanked the Board.

Mr. Moynahan thanked Mr. Moulton for coming in and hoped it was a productive meeting.

Mr. Moulton agreed that it was and thanked them for allowing him to speak freely.

**6:40 PM**  
**#3**

Auditor – Richard Donhauser

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Mr. Moynahan said that the Board asked him in to review the management letter to the Town. He invited Mr. Donhauser to give an overview to start with and it could be opened up from there.

Mr. Donhauser said that, first of all, he wanted to make sure they understood what the thrust of this letter was all about. He clarified that he did not consider it constructive criticism but constructive observation. He added that the thrust was more systemic and not toward an individual, explaining that some of the comments appeared to be related to a specific individual but it was more related to the system that those individuals worked under. He said that he brought some materials with him to share with the Board that will sort of prove his point. He said that, generally, the overview of this whole management letter was that, in a nutshell, they didn't have enough oversight for their accounting system. He explained that they had individual modules that were operated by various employees and they were doing the best job that they could with the amount of supervision that they had. He added that they have finally learned the system, that the TRIO system has been around for a number of years, now, and they have their systems down and it was working. He said that what happened was that they were supposed to dovetail together and that didn't always happen in the smoothest way. He clarified that the main thrust of his report and most of the comments were related to the Treasurer's position because he believed there was too much of a concentration in the position of Treasurer. He added that it was amazing to him what Ms. Spinney (Treasurer) got done in a day. He said that there was too much of a concentration in one person, explaining that she received money and made deposits, dispersed money, and did the bank reconciliation. At this time Mr. Donhauser passed out a sheet that showed the list of funds for the Town of Eliot. He said that, generally, the accounting system of the town requires funds and Eliot had five funds: the General Fund, the Special Revenue Fund, the Capital (Reserve) Fund, the Proprietary (Enterprise) Fund, and the Fiduciary (Trust) Fund. He said that Ms. Spinney had to deal with every one of these funds and each of those funds, in and of itself, was an accounting system. Discussing the General Fund, he said that it was comprised of debits and credits and every time one made an entry in the General Fund, one needed to make a debit and a credit, every time one made an entry into the Special Revenue Fund one had to make a debit and credit. He explained that one couldn't make one entry, for example, just in the General Fund or the Special Revenue Fund; it had to be an equal debit/credit. He added that, sometimes, and often there were transfers between funds and when there was, for example, a transfer from the Special Revenue Fund into the General Fund, then there had to be a debit and credit in the General Fund and a debit and credit in the Special Revenue Fund. He said that that was the way that the trial balance was set up and that wasn't always happening. He added that, if he asked Ms. Spinney something, then she could get the answer just like that, adding that the problem was that the trial balance didn't include everything. He said that there were what he called subsidiary records and a primary example was the TIF Account. He explained that there was supposed to be a \$400,000 transfer, Ms. Spinney made the transfer into the bank account but, because of the workload she was under, that entry wasn't actually recorded on the trial balance; it was recorded on the subsidiary ledger but not on the trial balance. He said that he did not believe that was the failing of the individual, he thought it was the failing of the system within which she was working. Mr. Donhauser reiterated that the thrust of this report was that the Board needed to either assign someone as oversight – someone who could stand at 20,000 feet and look down on this system, not just the Treasurer's system, but all the systems, from the Tax Collector to the Tax Assessor to the Town Clerk, because all those people impacted the General Ledger and that individual should have the responsibility of making sure that all of these interconnected modules were working together. He explained that what ultimately happened when he arrived, what he really expected as an Auditor, or a new Auditor would expect, was that he wanted a set of financial statements presented to him, saying that auditing was the exact reverse of bookkeeping. He explained that bookkeeping started as a transaction, the

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transaction was recorded, it went into the General Ledger and trial balance and, then, off to the financial statement. He said that, in an audit, he started with the financial statement and say, "Here's a number. I want to drill down and I want to see exactly what caused it, that set up the transaction that created that number." He added that an auditor didn't look at every transaction all the way down, explaining that they were trained to set up a threshold that they called an acceptable threshold that they would feel represented the account. He said that, as they drilled down on this account on this financial statement at this level and they achieved a level – let's say that number was magically \$10,000 – if there was a variance of \$10,000, that had an impact and then he had to expand his test to make sure there was not another \$10,000 problem. Mr. Donhauser said that that was not happening, that what actually happened when he arrived was that he had to create the financial statement; that he had to do the compilation of financial statements. He added that the underlying records were there but they were not always dovetailed together so he needed to actually compile the financial statements and what the Town was actually hiring him to do was to write an opinion on those financial statements. He said that, if he was going to prepare a financial statement, then it was not going to have a bad opinion. He added that he would say that that was not uncommon in most municipalities throughout the State of Maine and New Hampshire, for that matter. He said that he has been auditing for over 25 years and reiterated that it was not uncommon for the auditor to create the financial statements and rendered an opinion. He explained that what was happening in their industry, the American Institute of CPA's (AICPA), of which he was a member have made pronouncements and were telling them that they had to stop preparing the financial statements; that somebody in the organization had to have the ability to understand and create these financial statements. He added that that couldn't be done without oversight. Mr. Donhauser said that there were a number of problems that were created over this past year that caused the audit to go on and on and on. He discussed that one was almost a premonition because in his prior audit report he asked what if there was an illness with one particular person, then things would not be done. He said that Ms. Spinney was out for an extended period of time, and there were holidays, and when she had things ready he wasn't particularly ready; and so there was a lot of in and out. He clarified that what he was saying, and the thrust of this whole report, without getting into the actually detail of it, was that there were too many transactions and too much work load on one individual.

**6:53 PM**

Mr. Donhauser reviewed the components of the five funds on the sheet he had passed out. He said that the Capital Reserve Fund was all the Town's reserves and was what Mr. Moulton was talking about on the pickup truck; the Proprietary Fund include the Town's sewer accounts and community service; the Fiduciary Trust Fund was their cemetery, little league, trust funds set aside that the Town had a fiduciary responsibility to maintain; the Special Revenue Fund involved two TIF accounts and the sewer betterment fees, which were collected to pay the sewer bond; along with the General Fund, adding that Ms. Spinney had to deal with every single one of these funds. He said that this was sort of a general overview, the big picture, of what their Town was involved with. At this time he passed out a copy of the Schedule of Activity Centers Employee Responsibility, which represented all the bank statements - all the bank accounts - that were within the Town. He first discussed the back of the page he passed out that showed the Cash Lead Schedule and directing them to the fund columns on the right, he said that these bank accounts were reported on their financial statements under those columns so he needed to know where those bank accounts belonged. Reiterating the discussion he had about the TIF transfer from one account to the other he said that, in reality, that money was transferred by Ms. Spinney and the transaction was not recorded on the General Ledger, but what he wanted to point out about that and why it might have happened is, if they looked under the second column that said "Deposits" and look all the way down to the bottom, then they would see that the total deposits to the Town were \$49,000,000 and Ms. Spinney had to account for every one of those dollars. He said that, if they looked at the

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“Withdrawal” column, there was \$49,000,000 worth of withdrawals, which could be transfers going in and out or transfers between accounts, but even though the Town’s budget was only \$11,000,000 they had \$49,000,000 worth of transactions that somebody had to account for. He clarified that he equated Ms. Spinney as a woodsman in a “forest” chopping wood; she was chopping like crazy to keep up and, then, what they expected her to do was to manage the “forest” and the problem was that the “forest” was comprised of five different forests – General Fund Forest, Special Fund Forest, Capital Fund Forest, Proprietary Fund, and Fiduciary Fund – and she was chopping in the General Fund and she was supposed to be keeping track of what was happening in the other funds. He said that there is too much responsibility on one individual and, if they got anything out of this management letter as a constructive observation is that they needed to provide some assistance to Ms. Spinney in some fashion. He clarified that that was either having some person with the knowledge of creating financial statements and oversee and control the General Ledger and let Ms. Spinney keep chopping wood or they pulled Ms. Spinney out and let her control or manage the “forest”. He said that the problem as that she had five forests to manage and she was just too busy in one forest just keeping up and then, if she got sick, which happened in this past year, then everything sort of came to a screeching halt and the bare minimum got done and, then when she got back 6-8 weeks later, she had to catch up with what has gone down and, not only that, she had to keep going forward in all those, what he called, forests. He commented that it was incredible to him that Ms. Spinney has kept up to the extent that she has. He added that, as a result, he had to look at every account, pulling the transactions and making sure that everything was dovetailing together because it wasn’t done on the trial balance. He said, as an example on the Cash Lead Schedule, the Board could see that there were some check card accounts (left side – starts petty cash down to check card accounts) and that there were actually four check card accounts and those were not on the trial balance. He clarified that that did not mean that Ms. Spinney wasn’t keeping track of them because she was reconciling the bank account every month, adding that she had all the details, all the bank statements, all categorized; but the problem was that the entries never got into the accounting system. He clarified that, as an auditor, he was supposed to rely on those financial statements, drilling down into the accounting system where it didn’t even exist. He said that the problem with that happened was that there was the potential for someone taking something or worse from an auditor’s standpoint, that he was going to render an opinion on a financial statement that didn’t include all the activities of the Town. He said that cash was an amazing thing; it controlled all the activities; things didn’t get done in the Town unless there was a movement of cash in and out so this was a Cash Lead Schedule that showed every bank account and Ms. Spinney reconciled every one of these bank accounts. He added that the General Fund might take her 3-4 hours and then Payroll was another account that could cause all kinds of issues. He said that one could be off \$5 and she would find that \$5 but it will take her 2 hours to find it. Mr. Donhauser said that it was important for the Board to know the workload this individual was under and that was not to say that the other people weren’t busy. He added that one thing that bothered him, and he was here only as an independent observer, infrequently, and for only a couple of weeks a year, was that he walked into Ms. Spinney’s office unfettered and not only him, but everyone walked into her office. He said that not only was she trying to record over \$49,000,000 in transactions over the year, she had constant interruptions, the phone interrupted her, and even the Town employees may need to interrupt her. He said that he didn’t mention it in his management letter but he thought they needed to block off their administrative office from the public or at least make them go through a secretary, adding that he thought that was true of their CEO, as well. Mr. Donhauser discussed the Schedule of Activity Centers Employee Responsibilities, which showed the Town activity (Administration, Tax Assessor, Town Clerk, etc.) and who was responsible for each activity center. HE added that he greyed Ms. Spinney’s column to show the activities she was involved in and, as they could see, she was involved in almost every activity center. He said that any time anything moved in

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any one of these activity centers, she was involved. He said that the second column was Ms. Levesque and they could see that, under Administration, she had to deal with Town committees inquiries and deal with him in the annual audit, as well as her commitment of taxes and collect the taxes, so they could see there were a lot less x's. He clarified that that was not to say she wasn't busy; he was just saying to look at Ms. Spinney's columns compared to everyone else's. He said that, even when they looked at the far right column under department head, the department heads combined didn't equal Ms. Spinney's. He reiterated that he was not saying they weren't busy but that they had a concentration of effort in one person. He said that their municipality has grown too large to have all that vested in one person and that was the purpose of this schedule. Mr. Donhauser said that he knew it seemed all doom and gloom but the Town, as a whole, if they looked at the financial statement, was in a very, very good position. He said that the Town's fund balance was 1.8 million and 1.5 million was in cash, adding that they couldn't be in a better position. He reiterated that their Undesignated Fund balance was 1.8 million and 1.5 million was in cash; that was like almost 85% of their fund balance in cash and that was a very good position to be in in this day and age. He added that the economic position of the Town was excellent. He explained that the problem you have what's like an iceberg floating in the ocean; they wanted to go farther south to avoid this iceberg, explaining that what was happening was that Ms. Spinney wasn't getting any younger, Mr. Blanchette wasn't getting any younger, nor was Ms. Levesque. He said that everyone was approaching retirement and, if those people retire out and the Board didn't cross-train, then they were going to have a real dilemma. He added that he also believed that their audit fee would skyrocket if they didn't address the preparation of financial statements or having someone with the ability, or at least the requisite knowledge, of creating financial statements or at least understanding what was going on. He clarified that an audit firm, if they were travelling down here from Portland or Concord, expected to have everything laid out in front of them, explaining that he was only 10 minutes away and that Ms. Spinney actually allowed him to take the records to his office, which allowed him to do the work uninterrupted and, when he was done, he brought the records back to Ms. Spinney.

**7:00 PM**

Mr. Donhauser reviewed the management letter. In addressing #1 Oversight, he said that they had already gone over that, saying that there was no overview and, again, Ms. Spinney was chopping wood, chopping wood and she couldn't suddenly drop the ax and stand up and see how everything looked. He said that that just didn't happen; she was too busy. Talking about Ms. Levesque, he said that at times of the year, like when she was collecting taxes, couldn't do that either – she couldn't go over to Ms. Spinney to ask her how her Tax Collection system interfacing with Ms. Spinney's General Ledger, in fact, Ms. Levesque probably could care less as she was more interested in her Tax Commitment; her responsibility was the Commitment of Taxes and she was going to make sure that, when she collected a tax or there was an abatement or a supplemental tax, then she wanted to make sure that was recorded and they did a really good job. He did say that there were errors but, again, there were thresholds that were acceptable to him - they paid him to render an opinion that said, "This financial statement that is presented to the Town fairly presents the financial position of the Town." He said that, out of a 4 million-dollar budget, if he found a \$100 error, then it really didn't bother him too much; if there were a lot of \$100 errors, then that would be problematic. He said that he tested accounts and Payroll was a big one, he tested the heck out of payroll and the same with Cash, that he independently confirmed cash accounts. He added that he looked at the back of the payroll checks to make sure that everybody was signing the payroll check, so there were all kinds of tests he would do and, if something was repetitive like the \$100 error every time, then he would more than likely run across it. Mr. Donhauser said that the #1 Comment was a prior year comment and said that he knew they had been working on this but did not know if anything had been resolved about it. Discussing #3 Preparation of Annual Financial Statements, said that he couldn't

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state this enough that there was currently not an individual employed by the Town that had the requisite knowledge to create the financial statement. He explained that it was 35 pages and, if they looked at the financial statements; that it would be a good workshop for him to come in to show them how to look at those financial statements – they didn't start at the front and go backwards they started at the back and went forward because all of the details were at the back of the financial statement and it keeps getting more and more condensed as they got to the front. He added that there were actually two sets of financial statements in there; there was one that was based on what was called assets of the organization and there was one on fund balance. He said that the old reporting always used fund balance and everyone wanted to know what was in their undesignated fund balance and everybody understood that and, now, the new concept of municipal accounting was to set up this net assets and the main difference between the net asset balance sheet and the fund balance sheet was that, on the net asset balance sheet, they had fixed assets, clarifying that nowhere on the financial statements of the old municipality accounting financial statements that were rendered in the past did anybody report fixed assets; they had what they called a fixed asset group of accounts and was just a footnote in the back. He added that, now, they required the auditors to make sure that the auditee displayed the fixed assets in the Net Assets of the Company. Mr. Donhauser said that municipal accounting and fund accounting were very sophisticated and very intricate, adding that it wasn't rocket science as they could send someone to school to learn it or hire someone to do it but they needed to address that because the next auditor to come in here was going to ask who was giving him the financial statements to make sure he knew who it was and that they knew what they were doing. Mr. Donhauser discussed #4 Personal Property Taxes. He said that that has been an issue for a number of years, that it was like the old sister in the back room that no one ever talked about. He added that it was a difficult subject because people self-reported; in other words, Ms. Painchaud sent out a statement and hoped that they responded and, if they didn't respond, then she had no recourse, as far as he knew. Mr. Donhauser said that there was a big accounts receivable of about \$8,000 of a company that didn't even exist anymore and that should be written off. He said that it was being carried in their financial statements and it was a receivable until somebody made a judgment that said they were not going to collect this, and they were probably not going to collect it.

**7:06 PM** Mr. Blanchette said that that was just done. He added that Ms. Levesque was in at the beginning of this fiscal year and asked the Selectmen to write that off.

Mr. Donhauser said that that was great, that that was the thrust of #4, that they needed to address personal property taxes and pay more attention to them because it was a source of revenue that hadn't been paid much attention to. He discussed #5 Use of Debit Cards, saying that that was very problematic for Ms. Spinney and the problematic part of it was that people were out there and could spend money up to a certain point without authorization. He did add that they were authorized by virtue of being a department manager and they have the card with them, so they spend it. He explained that where it involved Ms. Spinney was that she needed to reimburse that expense, adding that as soon as the person presented the debit card the money has left the bank account and the problem was that that receipt needed to get back to Ms. Spinney, which she had to chase and, sometimes, the receipts weren't even there. He said that his position, if he were a controller or in charge of the accounting function, would be to say that he would not reimburse until he got a receipt. He said that the second thing he said in this was that it should be under what was called an "imprest" balance account, explaining that they would set up some number, say \$1,000, and put that in that bank account – and that was the imprest amount - it always had to equal \$1,000 – the person went and used the debit card and got a \$600 charge and it equaled \$1,000 by that person giving them a \$600 receipt and the \$400 that remained in the bank account; he could put back the \$600 and make it to \$1,000. He said that they weren't operating under an imprest fund; the bank account was going up and

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down all the time and Ms. Spinney didn't really know, if the money was out of the bank account, what the receipts should be because one month it would be \$1,200, the next \$1,500 and the next \$900 and she never knew what receipts she should be getting. Mr. Donhauser recommended they move to an imprest balance and it could be any number; that the number was generally good enough so that somebody could operate and not keep reimbursing all the time; that they would want to reimburse, say, once a month. He added that \$2,000 wasn't too much but then, sometimes \$500 was too much; that they would have to look at what the individual needed to spend He said that, regarding debit cards, the departments were making Ms. Spinney's job more difficult from the standpoint that they didn't give her the receipts. He added that she has disbursements on a bank account that she has no receipts for and then she calls for them and they may get there tomorrow or the next day but, now, she had to set that aside and go chop wood someplace else and that was a segment that somebody else could take care of by either getting someone to help her or delegate that responsibility to someone else, if they had somebody else to delegate it to.

Mr. Dunkelberger said that they could do away with the cards.

**7:10 PM**

Mr. Donhauser agreed they could do that, too, and that was a very clean option. He said that he didn't personally like the use of debit cards by municipalities but that was an administrative and management function and he could deal with them, but he didn't like them. Mr. Donhauser discussed #6 Fixed Asset Accounting. He explained that this was brought about by the AICPA and the movement from the fund balance financial statement to the net asset accounting statement where they had to report their fixed assets and their depreciation. He said that that has been a real nuisance to the Town so, a number of years ago, he brought it up to management and they actually went around and did an inventory of the assets of the Town. He added that they took some pictures, too, and he has a list of every department in these worksheets. He added that the problem was that they needed to be updated every year and, now, it was three or four years later and there was a 1999 pickup truck that was leaving and, unless somebody told him that was gone, then he had no way of knowing. He said that, first of all, he should not be maintaining it and Ms. Spinney, every time she saw an asset being purchased she took a copy of the invoice and stuck it in an envelope and, at the end of the year while he was doing the audit, he added that to the list and set up the depreciation for the remainder of the life of the asset. He clarified that he needed to turn that over to someone, as a new auditor was not going to do that depreciation. He said that they needed to know he had all the details and what probably should happen is that someone should take that list, go visit every department, and ask if all the things on the list were still around and, if not, then it needed to be removed off that asset list. He said that some towns did not have a fixed asset list and, if they don't, then it required the auditor to make a qualified opinion that said that "these financial statements fairly represent the financial position of the town except for they were not reporting their fixed assets and we don't know what that amount is." He said that the problem with that was that bonding agencies didn't like that, that they didn't like it, when municipalities went out to bond, for the town to have qualified opinions. Mr. Donhauser said that the thrust of this one comment is that they needed to have somebody that would take on this activity, adding that it wasn't all that time-consuming but it would take some time. He said that some municipalities go as far as tagging equipment and he knew that the federal government was very good about doing that. Mr. Donhauser said that, on #7 Outstanding Checks, he and Ms. Spinney have talked about this in the past. He said that what happened was that she had reconciling items on bank accounts, most of them from the General Fund, and she had to list every one of those and, until those came in, they were outstanding checks. He added that a month goes by, two months, people lose their checks and Ms. Spinney made an effort to try to find out who they are but, sometimes, she didn't have the time, for a \$50 check, to find out where the person was, or the person has left Town. He said that, under State law, that was abandoned property and had to be turned over to the State. He

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added that it was possible that a State auditor would come in and make them do it and he thought they should be proactive and look at what the State law required them to do on that sheet. He added that they could write one big check to the State and give them the list of people. He said that there was a website at the State that said Abandoned Property and they could actually look on there, by their names, and find out if there was abandoned property with their names.

Mr. Murphy asked him if he knew how much those checks added up to.

Mr. Donhauser said that he did not know, at the moment, but he could find out and Ms. Spinney certainly knew. He added that it was a long list and it has been carried from one year to the next, with some going way back. He said that some were old payroll checks and the employee was gone and, if it was a current employee, then she would get in touch with them and replace the check. He added that most of them were vendor checks, with most of them no longer in business or they have left, saying that no individual check being substantial. He added that, when the added up a list of 10 or 15 or 20 checks, then they could be substantial. On #8 Chart of Accounts and Trial Balance, he said that this was more a lack of direction for Ms. Spinney, explaining that a typical Trial Balance started with assets, liabilities, fund balance or auditor's equity fund balance, revenue and expense. He said that, on Ms. Spinney's Trial Balance, she had revenue up on the balance sheet, which wasn't a problem to him because she could record it wherever she wanted to, but he had to move it down onto the income statement. He clarified that she was very consistent and he could have been more demonstrative in having her do it this other way but she understood it that way and, so, he just moved the revenue down to the income statement. Mr. Donhauser said that the problem with that is that they weren't getting a clear picture of all the miscellaneous revenue coming in to the Town, such as grant income. He said that another comment he had was that, under Grants and related to this, not only was the grant account up on the balance sheet but she put the income in there and then she put the expense again, so all they saw was the net effect. He said that what should really happen, was that the grant revenue should come down under revenue and the grant expense should come down under expense, so they saw the grant revenue and expense – broad – they didn't see the net of the two. He added that Ms. Spinney understood that and she was making an effort to change that and she has been more than compliant with him, adding that, if he told her to do something, then she immediately did what he asked.

**7:15 PM**

Mr. Donhauser clarified that he was not criticizing Ms. Spinney, saying that what he was criticizing was the lack of oversight and Ms. Spinney did not have the time for oversight. He suggested taking her out and let her do the oversight and let somebody else do the job of so-called chopping the wood. He said that the other thing was that there were some accounts on the Trial Balance that were in the wrong fund so, for example, in the General Fund there were some accounts that represented sewer fund activity and he actually took those accounts off and moved them to another Trial Balance. He said that Ms. Spinney had the Trial Balance all set up and what they needed to have is someone who could come in with the knowledge of how a Trial Balance should look and massage the Trial Balance to make it happen. He reiterated that Ms. Spinney didn't have the time to just stop and let everything else start piling up, then start manipulating her Trial Balance. He added that, in the future, she could do it just by changing account numbers but she needed to know where those accounts went and he thought she needed direction on that. He said that #9 the Transfer Station was just an observation from him going to the Transfer Station and he knew that this had happened as long as he had been going there. He said that people removed stuff from the Transfer Station, and it was probably great because it was sort of taking things out of the recycling system, but the problem was that they were removing things that were of value to the Town, such as copper or precious metal. He added that he didn't know if there was a policy against that.

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Mr. Beckert said that there was, that there was a policy of no dump-picking, period.

Mr. Donhauser said okay, adding that, when he arrived with a trailer, they took it right off the trailer, and he didn't begrudge them and they could have it, that he didn't want it, but he thought they should pay attention to what could be removed and, if it was a no-picking policy, then it was a no-picking policy and that meant the employees, also. Mr. Donhauser said that he had already covered #10 Grant Funds. He said that #11 Bank Accounts – Checking and Debit Card Accounts was where he talked about the bank statement, saying that there were four accounts that were not on that Trial Balance and, again, Ms. Spinney had them reconciled, they were in a subsidiary binder and, when he asked about them, she got them right out and he added them. He explained that he made his own Trial Balance, taking Ms. Spinney's trial Balance and making adjustments to hers and, then at the end of the audit, he gave her a large amount of adjusted entries to make her Trial Balance come back into financial agreement. He said that they were actually in the process of posting those now. Mr. Donhauser said that that was a real fast run through this management letter. He added that he encouraged the Board to read it and either all him individually or talk to him now and ask him questions.

**7:19 PM**

Mr. Murphy said that, on the first page, Mr. Donhauser mentioned the TRIO System and asked if there was another system that would somehow help this or was the TRIO System perfectly fine and keep it, adding a person to do the oversight.

Mr. Donhauser said that the problem with new systems was that there was a learning curve and they just got through their learning curve and took a number of years for them to know all the nuances. He said that the answer was yes and no; yes to the extent that they have learned the various components of the TRIO System and, if they threw another software system there was a learning curve and they would lose a lot of efficiency, so, he would say yes more than no – that he wouldn't go looking for new software.

Mr. Dunkelberger asked if he saw the CFO as a full-time position or something somebody could do part-time.

Mr. Donhauser said that he believed it was something someone could do part-time. He added that they had some options: they could train somebody, in-house, that would be interested in doing it but that would probably not be the most expeditious because it would take time for that to happen; another would be to hire an outside consultant on an hourly basis or hire a trained professional. He added that he thought the control could be done on a part-time basis; it did not take a full-time person. He said that, initially, it might be that the Board contracted with an individual for 60 hours; it may be that they would spend 40 hours right away and, then, it would go down to like 2-3 hours a week. He explained that, to control something, one needed to know what to look at and see if it was [correct] and, if not, then they would get somebody else to actually go dig out the problem, unless they couldn't do it, then the Board would help them. Mr. Donhauser said that they could certainly get someone to create the financial statements on a part-time basis. He added that the TRIO System should be good enough, and he believed it was, if somebody took the time, he thought they could create financial statements from that software, adding that he said that without knowing for sure but he was pretty sure they could make a pretty good stab at creating the general financial statements off that TRIO software, as most all accounting software had that capability. He said that a person needed to understand the nuances of the Report Writer and could be tricky but, once set up, it was great – press a button and it printed off. He reiterated part-time, initially, but that the Town was getting bigger and bigger; that they had an \$11 to \$12 million-dollar budget but they had \$49 million dollars' worth of transactions; that was a lot of money flowing through the Town – and a lot of responsibility. He

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said that Ms. Spinney had an immense amount of responsibility. He added that they heard about people stealing money all the time and, generally, internal controls keep honest people honest and they set up segregation of duties and they make sure it takes two people to collude to get money away. He added that, to be honest with them, Ms. Spinney was in a position that she didn't need anybody to help her take money, but he could tell them that she wasn't because he looked very hard at her bank accounts. He explained that he confirmed, independently at the bank and without her knowledge – she signed the bank confirmation notice – as the bank notice came directly to him so the bank confirmed what the bank balance was. He said that he got what was called a bank cut-off statement, that the bank sent him a photo copy of the bank statement 15 days later so that he could check everything that has gone through the bank and he has done that in the past. He clarified that the position would be part-time if the person knew what they were doing.

Mr. Moynahan said that oversight seemed to be the biggest piece, making sure that things were done correctly, that the pods were in place so that they meshed like Mr. Donhauser said. He added that Ms. Spinney could do all the data entry, all the other people did, but it was somebody to make sure they were intertwined, much like what he has been doing.

**7:23 PM**

Mr. Donhauser said that that was what was ultimately happening in that he comes in and sort of make everything mesh back together. He added that he has been around long enough that he knew right where to go if, for example, he needed an invoice or if he needed one of these subsidiary ledgers, he knew right where it was. He said that a new auditor, the first year, didn't know anything from anything and would spend an enormous amount of time documenting internal control and internal control segregation duties; how one accounted for cash, supervisions, oversight, and they made all kinds of comments when their work papers were done, which would turn out to be a management letter in the end. He discussed that he needed to be rotated out because he was too comfortable here, saying that he knew exactly what was going on and, for Ms. Spinney to get something by him, would be pretty difficult but, maybe not, because she knew exactly what he would look at. He added that they would find that auditors were rotated out and that the Town should have a rotation policy but that they did not want to tell an auditor that he could do it for only the first year because they spent an enormous amount of time the first year. He said that where they made their money was the second or third year. He explained that a 5-year rotation period was probably a good rotation period and, at the end of that period, they should be looking to rotate that auditor out and get another in, not to say that a year later they couldn't rotate that auditor back in. He added that it was difficult for the staff when rotating an auditor out because they had a whole new set of personalities, they have different questions and they had different checklists.

Mr. Hirst said that, because of all the difficulties that would be encountered, was it possible that they would not be successful finding a new auditor.

Mr. Donhauser said that they would look at the letter and ask questions about that and he anticipated that the question would be who would create the financial statements and would be remiss if they did not. He added that this could have an impact on the auditor's fee, too. He said that they needed to create an RFP and he could give them an example because he did them all the time. He said that, to answer the question directly, they may have difficulty or they may not but being an auditor was becoming more and more lucrative because it was getting more expensive for towns because of all the promulgations by the industry and the fiduciary responsibility of the Board as the controlling body. He explained that the Town would not get a bond issued if they did not have an audit and that they might not be able to get a tax anticipation note; that the State auditor would be interested in the Town if they didn't have an audit or at least attempt to get an audit. Mr. Donhauser said that he would assist them in getting an auditor, adding

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that he would give his work papers to the next auditor as that was customary and a professional courtesy.

Mr. Murphy asked if the Board put out this RFP and someone got this RFP would that person then come to Mr. Donhauser.

Mr. Donhauser said no, that it would only be after the Town accepted the auditor. He added that they could call him and ask him questions but they won't see his work papers. He said that the other thing they wanted to do in their RFP was that they would want to see their peer review, adding that he has undergone peer reviews every three years. He said that, to be licensed to do audits in the State of Maine, they have to go through a peer review every three years. He clarified that his next peer review was in November and it was his intention not to go through that, again, because it was his intention to not continue on and retire from accounting. He added that he would be more than happy to help the Town, however, in moving forward. He reiterated that oversight was the big thrust of this and that would mitigate the possibility of not having a new auditor, clarifying that the comfort of him helping another auditor would help.

Mr. Hirst asked what their timeframe should be in terms of assembling what a new auditor would need and getting the RFP sent out, received back, and discussed.

**7:32 PM**

Mr. Blanchette said that he thought the first thing they needed to do who – was it going to be an auditor or was it going to be a CFO – was going to do the preparation of the financial records. He added that he thought that would be one of the first questions they would ask.

Mr. Donhauser added that their fee would be dependent on that, saying that, if the Town said that they could not prepare financial statements, then the fee just almost doubled. He said that the year has ended (June 30) and it would take them 30-60 days (September 15) before they were at a place where they could get a valid proposal, get it accepted, and interview and they might want to interview a couple different auditors. He added that he was not opposed to helping them interview auditors and, then, they would schedule to come in. He said that, under the normal course of events, they really didn't touch an audit until the end of August because there were so many things that had to happen for the books to be closed, adding that it was not uncommon for it to be at the end of September. He said that his audit wasn't completed until way late, clarifying that the date on his audit report represented the date he stopped field work, saying that did not mean he did not continue to work in his office, but he took responsibility up until the date on that opinion letter and that was May 25<sup>th</sup>. He said that that was the date he stopped getting records from Ms. Spinney and he was rendering his opinion. Mr. Donhauser said that they should really try to set up some parameters for an auditor and, in fact, his engagement letter said that he would be done in November and no one asked him about it.

Mr. Murphy said that they did talk about it among themselves.

Mr. Donhauser said that, as a Board, he would highly recommend that at least two people or, maybe, the whole Board, be an audit committee and deal with and ask questions of the auditor to find out how the audit was going and just get an update. He said that nobody ever asked him how the audit was going. He clarified that the May 25 date was not all his fault but was a whole combination of things that happened: there were two employees injured during the year and Ms. Spinney was out for 6 or 8 weeks, adding that she had to play catch-up for at least 3-4 weeks, meanwhile, keeping going forward. He reiterated that they needed a timeline and they needed to step on the auditor all the time because an auditor was just like any other human because they had other audits to do and if those people were squeaking more, then they would get the grease.

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Mr. Murphy said that it seemed, to him, that it was up to the Board to accept this advice and go with the two directions of finding an auditor to replace Mr. Donhauser and find someone, part-time, to do this CFO work. He added that he thought that the part-time CFO work almost had priority over getting an auditor because they needed to solve that problem as it was a permanent problem with them from now on, it seemed to him, and they believed the situation and wanted to be ahead of it.

Mr. Dunkelberger suggested they do both in parallel.

Mr. Murphy said very likely but they were two different things and he thought they must do a CFO, emphasizing that he thought they could not delay getting a CFO. He added that they could delay the auditor a little bit but they could be months apart, it seemed to him, unless he thought the auditor had some sort of a feedback with the CFO in terms of picking the one they wanted and asked if he was implying that.

Mr. Donhauser said no.

Mr. Moynahan asked if a CPA would be qualified to be an overseer.

**7:37 PM**

Mr. Donhauser said that some were and some were not; some were if they knew municipal accounting, but there were accountants that didn't do any auditing. He said that the CPA that works for him didn't do any auditing; that she didn't know anything about fund accounting and she didn't want to know anything about fund accounting. He added that he didn't know anything about cost accounting, which was in manufacturing, so there were narrow fields in accounting.

Mr. Moynahan said that they would be searching for any person that was going to have oversight and financial oversight, that they would need to know what parameters or what experience that person needed.

Mr. Donhauser said that they would at least have prepared financial statements for a non-profit organization and not necessarily for a municipality because fund accounting was essentially non-profit. He added that there were more people than they might think.

Mr. Moynahan said that it would just be nice to know they were chasing the right person the first time instead of getting 10 in for an interview that weren't qualified.

Mr. Donhauser agreed. He said that there was a fellow here in Eliot, Peter Pike, and his business was being a controller for numerous businesses and he was a part-time controller but he didn't know if he did fund accounting.

Mr. Hirst asked if he was a CPA.

Mr. Donhauser said yes. He added that he would prepare a proposal from him and tell them exactly what he thought he needed to do that they might be able to use as a request for somebody else.

Mr. Blanchette said that he was glad Mr. Donhauser offered that because he was going to put that out on the table. He added that he thought it would be better coming from him rather than any individual of the Board because he didn't get to vote so it didn't matter.

Mr. Donhauser said that, at the very least, they would have an outline of what this person ought to be doing, that when they came here they should have certain objectives and milestones the Board could measure. He added that it was pretty easy to set it down on paper, that it would be a couple of hours for him to do that,

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that he would be more than happy to do that and he thought they needed that to hire somebody. He explained that there was whole myriad of things and that they would go down the list of activity centers and ask what was going to be done in each one of those to make sure that this accounting system reported all the activities of the Town appropriately.

Mr. Murphy asked if hiring this part-time person would require a Special Town Meeting to get this additional personnel or was it consulting.

**7:40 PM**

Mr. Blanchette said yes and no. He explained that he did up the amount of the estimated audit fee, that he thought he doubled the amount for the coming year since he knew that Mr. Donhauser was leaving. He added that he knew that Mr. Donhauser had given the Town a steal for a number of years, now, and in talking with other towns and others, he could see that if they hired an auditor to do what Mr. Donhauser was doing, then they would be paying probably between \$25,000 and \$30,000. He said that it could be even more but \$25,000 was in the minimal range. Mr. Blanchette said that, as a consultant where this was leading up to the audit, he would think that they could take it out of that account, so he thought there was enough money if they split the audit. He clarified that splitting the audit would be one person preparing the financial records and have a separate auditor review those records.

Mr. Donhauser said that, for example, if an auditor walked in and they laid everything on the table and all they had to do was review records and drill down on things and they didn't have to make up the schedules, that all they had to do was tic-and-tie – it should not be a stated fee but an hourly rate and say not to exceed – and found everything in perfect order, their fee would go down. He said that they would spend money one way or the other, either at the end of the audit or in preparation for the audit.

Mr. Blanchette added that, if they spent the money on a CFO, then they had the ability throughout the year to take care of some of the management letter so that it was not just one item but a continuation. He added that that person would get better and better the following years in preparing the financial record for the audit.

Mr. Moynahan asked if they had any more questions.

Mr. Blanchette said that he thought it would be great if Mr. Donhauser did give them a proposal and that way they would have it to look at and an RFP for an auditor.

Mr. Donhauser agreed and said that he would give them an example of an RFP.

Mr. Hirst asked what his timeframe would be for getting his proposal to the Board.

Mr. Donhauser said that he could have it to them by Friday of next week. He told the Board that he appreciated the opportunity to audit the Town, that it has been interesting and the dynamic of the Town has certainly changed over the 10 or 12 years been auditing. He added that it has been a good experience, that he enjoyed it, and thanked them for allowing him to do it.

**7:45 PM**  
**#4**

IMA

Mr. Moynahan gave an update. He said that they had had several engineers involved in the review over the last couple of years; they have had contract consultants that have been involved with the review, as well, to make sure the contract language was intact; they have had subcommittees working on this and working with Kittery, including Jack, Dan, Jim, Joel, Betsy and engineers, they reviewed the current contract and removed official capacity language (the last one included the additional 200,000 gallons). He added that he believed the SC was tasked to review and comment on this, too. He clarified that he thought that

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because this contract was substantive, by nature, he thought it would require a Town Meeting for voter approval. He added that his opinion on that would be to separate it from any TIF needs, to not have the IMA and any TIF portions together, as he thought that would be a little confusing for folks.

Mr. Murphy said that he believed the latest version did that deliberately, that the TIF was not included or referenced in it.

Mr. Moynahan said that that was correct and added that, in voting on the contract, he thought it would require voter approval, since it was a substantive change, and not have it next to any TIF-related bond questions or anything like that – to have it on its own merit.

Mr. Murphy said that, on page 10, he went through it with a fine-tooth comb and felt there were a number of small points that were important enough to \_\_\_\_\_ Kittery with.

Mr. Dunkelberger said before going there he had only a couple questions. He said that on page 7, line 247 it read "... (including replacement costs, if any) for the upcoming year... and asked which year that was for"; was it the year that started in two months or the year that started in 14 months.

Mr. Murphy said two months because they defined the fiscal year as from July to August.

Mr. Dunkelberger said that they were going to give Eliot an O&M budget two months before the budget was implemented and asked how they planned for that.

Mr. Murphy said it was too late for their budget because they have almost frozen their budget and there was a question, there, it seemed, unless they were looking much farther ahead but he didn't know. He agreed that was a question.

Mr. Dunkelberger said that he hoped it wasn't in two months because that made absolutely no sense.

Mr. Murphy agreed that was not enough time for Eliot.

Mr. Dunkelberger agreed and said that he would hope that they would know long before May 1<sup>st</sup> with regard to their own budget. He said that his other item was on line 272, saying that there was a requirement to test and calibrate meters "not exceeding every twelve (12) months". He asked if that was reasonable. He asked Mr. Dupuis if that was a reasonable timeframe, was there a potential for failure or degradation.

**7:50 PM**

Mr. Dupuis said that they do what they called a general calibration once a year to make sure the meters and equipment was validated; that that was the standard. He added that some larger municipalities often do quarterly checks because of the inflow amount. He added that Kittery did all their meters annually and maybe they would like to see Eliot do that along with them.

Mr. Dunkelberger said that he had a question on page 11 line 461. He read "Eliot is responsible to pay an excess user fee associated with any discharge volume or quality in excess of the limits stated herein." He asked how much was that excess use fee.

Mr. Murphy said that it said \$500.

Mr. Dunkelberger disagreed and said that that was "a fee of \$500 per occurrence per day will be assessed to Eliot in the event that exceedances significantly

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contribute to, or directly result in, violation of state or federal regulations that impact Kittery.” He said that that was a different fee entirely.

Mr. Murphy said that that was a good question. He added that he had a number of minor points but many of them were sort of typos.

Mr. Moynahan said that he thought they should be looking for substantive changes or concerns they could give back to the negotiation committee for review with Kittery. He added that the second piece was if this was something the Board was comfortable with putting in front of the voters for a new contract in response to the Town of Kittery's letter and that sort of thing.

**7:55 PM**

Mr. Dunkelberger said he had one more item on page 13 line 520. He read, “Eliot is responsible to pay for costs associated with expansions (increases in capacity) when the increase in capacity is required to provide Eliot with increased capacity at Eliot's request in excess of the reserve capacity defined in Article 3.1.4 of this IMA.” He said that he would add “when the request exceeds the capacity of the WWTF (Wastewater Treatment Facility).

Several questioned whether they could exceed capacity.

Mr. Blanchette clarified that they could not exceed the capacity of the WWTF.

Mr. Dunkelberger said that he knew that but what Kittery was saying here is that they could legally charge Eliot “for costs associated with expansions when the increase in capacity is required to provide Eliot with increased capacity at Eliot's request....”

Mr. Murphy said that they were saying that, if they got up to the point and they used so much that the plant didn't have the capacity to give Eliot as much more as they wanted and Eliot was asking them to make the plant, itself, bigger to increase its capacity, then Eliot would have to pay all that cost, was what Kittery was saying.

Mr. Dunkelberger agreed that was what he was saying and that that was when one got to capital improvement costs.

Mr. Murphy said that he wasn't sure that was ever going to happen.

Mr. Dunkelberger agreed, which was why he suggested putting in that line in that “when the request exceeds the capacity...”. He added that, right now, there was nothing that defined what the capacity was, as it was written in that paragraph.

Mr. Murphy said that they had a measured capacity at 2.4 million; that was their capacity.

Mr. Dunkelberger agreed but said that there was nothing that defined that. He said that they could do capital improvement costs to further increase the capacity of their wastewater treatment facility even though Eliot's request did not exceed the wastewater treatment facility under that paragraph.

Mr. Blanchette clarified that what he was saying was that, so long as Eliot's request did not put the plant over then...

Mr. Dunkelberger said that there should be no capital improvement costs associated with that - if Eliot's request exceeded capacity - because what Kittery could say was that they were going to hold this 200,000 gallons of capacity in reserve but that would be their little “hip pocket” thing. He added that the way this paragraph was written – “Eliot is responsible to pay for costs associated with expansions (increases in capacity) when the increase in capacity is required to provide Eliot with increased capacity at Eliot's request in excess of the reserve

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capacity defined in Article 3.1.4 of this IMA.” – so, in other words, they could set an arbitrary limit, something less than the actual capacity of the wastewater treatment facility and Eliot would be responsible for paying for it even though the total capacity did not exceed the facility, itself – not the capacity of the plant but Kittery’s artificial limit and charge Eliot for capital improvements to, again, give them their buffer.

Mr. Moynahan asked if that was defined anywhere in the language.

Mr. Murphy said that he thought capital improvements were different from mere “buy-in” costs.

Mr. Dunkelberger agreed because now they were talking about expansion at the plant, which was why he said to just put that phrase in there of “when the request exceeds the capacity of the wastewater treatment facility” and that would tie it to a specified number versus an arbitrary number that Kittery might set.

Mr. Murphy commented “This so-called reserve capacity.”

Mr. Dunkelberger said yes.

Mr. Moynahan read, “The Kittery Wastewater Treatment Facility has a design capacity of 2.4 million gallons per day average”, so it was defined what their capacity was in their definitions.

Mr. Blanchette said that he thought that the best thing to do was to give these notes to the engineers and make sure that they took a look at them with these concerns.

Mr. Murphy said that the word “reserve capacity” in line 522 defined in Article 3.1.4 was not the plant reserve capacity, that it was very clearly Eliot’s current reserve capacity.

Mr. Dunkelberger agreed and said that, now, if Eliot exceeded that, then Kittery could charge Eliot capital improvement costs.

Mr. Beckert said that Eliot agreed to that capacity so, if Eliot exceeded that, then that...

Mr. Dunkelberger agreed but asked why that would require capital improvement costs for a wastewater treatment facility that could more than handle it.

Mr. Moynahan said that it was a percentage of use.

Mr. Dunkelberger said that there was a difference between capital improvement costs and operating costs and, if Eliot exceeded it as far as the inflow and there was still capacity, then that became part of the O&M cost versus now paying capital improvement costs to expand the plant.

Mr. Murphy said that it may be that Kittery saw that their own plans to expand the users in Kittery were actually going to edge it up toward the 2.4 million, which was the plant capacity at the present time, together with the reserve capacity that the navy yard had, which was a full 40% of that. He added that, then, only 60% of the 2.4 million was available for Eliot and Kittery users. He reiterated that Kittery may see that they were getting up to the end on that but Eliot was lagging once again and they (Eliot) have that 200,000 and, by golly, by the time they get things straight and ask for more we (Kittery) would be right up there and competing with them for that last bit.

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Mr. Dunkelberger said that that was why he suggested putting in that statement "when the request exceeds the capacity of the wastewater treatment facility".

**8:00 PM**

Mr. Murphy suggested that he would want to say "rated capacity" because that was what they were talking about and that was what the State of Maine must approve, any declared plant capacity, so it was rated by the State.

Mr. Dunkelberger agreed and said that it established a basis for when Eliot had to pay capital improvement costs versus O&M costs.

Mr. Dupuis commented that that was a very good catch.

Mr. Hirst asked if it was physically possible to expand that plant based on the land mass that they have.

Mr. Blanchette said that he thought it would depend on future technology.

Mr. Murphy said that they have done that once; they doubled it just by technology without changing anything. He added that it went from 1.2 million to 2.4 million just by changing how they did it.

Mr. Dunkelberger said that the other piece to that was, if the navy yard closed, then that made a whole lot of capacity available.

Mr. Moynahan added that would have a whole lot of operation and maintenance costs, too.

Mr. Murphy said that he would like to come back to these details later when he has had time to think about the pages he hadn't yet gotten to.

Mr. Moynahan asked if there were substantive things that he wanted to get back to the engineers or where they more of a typographical nature.

Mr. Murphy said that they were more to make the statement more complete and very clear and gave some examples.

Mr. Dupuis said that it was his understanding on the report that Mr. Murphy made to the SC that Eliot was not going to pay the allocation fee on the 200,000 but on what is used.

Mr. Murphy said that their current 200,000 had no allocation because Eliot already bought in to that and they were grandfathered for that. He added that this contract dealt only with that, their current 200,000, and did not include any additional 200,000.

Mr. Dupuis clarified that everything they talked about depended on the sewer passing.

Mr. Murphy said yes and was not in this contract. He added that they would presumably have to continue talking about that and assumed that there would be a buy-in cost for that.

Mr. Moynahan said that he was comfortable with the document as he saw it now.

Mr. Murphy discussed some of the language clean-up he would like to do to make it cleaner and clearer.

Mr. Beckert asked if they could have those changes Mr. Murphy was talking about inserted in read, as they have this electronically, and have it redistributed back to the Board and, if they were ready to send it back to Kittery with those changes, then they could see what the Board was talking about.

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Mr. Blanchette said yes.

Mr. Murphy agreed that that was a good idea.

Mr. Moynahan said that they could then send an email to the engineers with specific questions, as well.

The Board agreed.

Mr. Murphy said that he had a substantive item on page 9. On line 370, where it read: "Kittery may perform quarterly sampling and testing" he inserted of Eliot's waste "for the following parameters"; on line 371, where it read: "The cost for the sampling" he changed "the" to this and further read: "...and testing shall be included in the annual operation and maintenance costs for the Kittery WWTF", saying that he had a question there. He said that he thought that the necessary, specific testing of Eliot's flow at Eliot should probably be totally Eliot's cost while all the testing at the WWTF, itself, was Eliot's proportional responsibility. He also said that, up in line 344, they said that the cost for Eliot sampling and testing shall be included in the annual operation and maintenance costs for the Kittery WWTF. He said that he was happy to do that as it reduced Eliot's cost if Eliot didn't have to pay for its' own testing or Eliot's testing was melded in to the testing of the Kittery plan, then Kittery was helping to pay for Eliot's testing.

Mr. Dunkelberger said that he read that as Kittery notifying Eliot that they were testing the wastewater treatment facility and that those costs were part of the O&M piece to that; that wasn't testing Eliot's because the following statement was "Eliot may conduct independent sampling. All laboratory results of Eliot-conducted sampling must be submitted within thirty days of the receipt of the laboratory results".

**8:10 PM**

Mr. Blanchette said that he thought Mr. Dunkelberger may be correct. He said that he thought there was a discussion based on these two things that Kittery was going to charge Eliot on the sampling at the wastewater treatment center if their overall was out of whack and Eliot would have to pay their proportional share. He added that, at the time, Eliot insisted that 3.4.5 be inserted so that if Eliot's portion – if Kittery came back to Eliot that Kittery had too many BOD's – then Eliot could test their own and if Eliot's own came in showing Eliot wasn't contributing – he thought that was why those two were there.

Mr. Dupuis said that Mr. Blanchette was right. He said that Mr. Moulton took it one step further; being proactive, they had already established draw ports at Pump Station #1 on King's Highway to do their own sampling right at the pump.

Mr. Murphy said that it seemed to him that this whole 3.4 sampling was confusing Kittery sampling and Eliot sampling, that it was not clear.

Mr. Dupuis said that that was their whole intent when they spoke with George, and Mr. Blanchette was right, if Kittery got a bad BOD they needed to trace where that was coming from, then they needed to blame someone for it so the last port that Eliot had was Pump Station #1.

Mr. Moynahan said that 3.4.1 did say that – "Samples of Eliot's wastewater must be obtained at Eliot's Metering Station to determine..." so, then, Kittery was talking about their own plant issues.

Mr. Murphy read 3.4.2 "The sampling at the Metering Station(s) will be done by Kittery." He asked at what metering station – all of them or the ones in Eliot or the ones in Kittery. He said that he thought that was referring to Eliot and he was going to insert the word Eliot for Eliot Metering Stations. He added that the next sentence said: "Determination of the character and concentration of Eliot's waste,

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for the purpose of checking sewage strength, is the responsibility of Kittery or its authorized agent." He said that Kittery has to know that.

Mr. Dupuis said that their intent was to draw the sample, take it to their lab right there on-site at the facility and the other intent was to have an independent lab do the same – Eliot to draw their on sample at the same time Kittery was drawing and do independent testing so Eliot had the cross samples immediately.

Mr. Murphy clarified that there were two samples being taken at different places or...

Mr. Dupuis clarified that it was at the same place, explaining that Kittery's sample went to their lab, in-house, and Eliot's sample went to an independent lab.

Mr. Murphy said that this didn't say that.

**8:12 PM** Mr. Blanchette said that they should bring it to the attention of the engineers just to make sure they were all clear about it

Mr. Murphy agreed. He said that, in 3.5.2 on line 387, it talked about Eliot's responsibility to comply with Kittery's Town Sewer Code, as presently written, and there were still errors in the Code and he wanted to say, "...as presently written..." except for errors and inconsistencies. He added that they could change it at any time, with or without Eliot's knowledge – "..., and as may be amended from time to time." He said that they have done that in the past and he had no expectation that they would notify Eliot in the future.

Mr. Beckert asked if they could put some wording in there.

Mr. Hirst suggested It is a condition of this agreement that, when such a code is changed, Kittery must notify Eliot.

**8:15 PM** Mr. Beckert agreed that that wasn't unreasonable to have that wording included.

Mr. Hirst said that, if Kittery expected Eliot to follow it, then they needed to tell Eliot what to follow.

Mr. Beckert added that they needed to follow it on their side if Eliot had things they required of them, as well.

Mr. Moynahan said that he thought they would give these back to the engineers for clarification of the questions but the question that still remained in front of this Board was whether they wanted to present a clean copy to the voters for approval.

Mr. Murphy said that, when it was clean, he would say definitely yes.

Mr. Moynahan asked what about thoughts about not having it at the same time they'd given the SC direction for the TIF in November, adding that they would have to work something backwards for a Special Town Meeting at that point.

Mr. Murphy said that that was a different subject than this.

Mr. Moynahan agreed but said that he had offered a thought earlier not to have them at the same time – a contract and the TIF – treating them separately.

Mr. Dupuis clarified that the purchase of the additional 200,000 was covered under the TIF expense.

Mr. Moynahan said that that would kick in only if the TIF passed, adding that the language allowed them to get the additional capacities and costs and all that. He

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added that, regardless of the TIF, Kittery wanted to change the current contract that Eliot had been working on with them.

Mr. Dunkelberger suggested they agree with Mr. Moynahan's concept with keeping it separate and maybe having a Special Town Meeting but wait to see how long it took for Kittery clean this up before they decided.

Mr. Moynahan clarified that they weren't cleaning it up but offering Kittery the Board's changes, correct.

Mr. Dunkelberger agreed but said, again, a responding in the affirmative.

Mr. Dupuis said it might be past November.

Mr. Dunkelberger said that it may be, which is why he made the suggestion.

**8:19 PM**

Mr. Moynahan said that was a very good point. He added that when they got together tomorrow to put the agenda together they could send Kittery an email letting them know that the Board, as a group, found some other areas that they addressed and they would send Kittery, in red, any changes this Board made to the contract, clarifying that that was just where the Board would leave it for right now. He added that he just wanted to make sure they were communicating back and forth because that has been a real problem throughout the process.

The Board agreed by consensus.

**8:20 PM**  
**#5**

Adoption of Policies – Personnel, Selectmen, and By-Laws

Mr. Moynahan asked if anyone had thoughts on the adopting of these things.

Mr. Murphy said that he had not seen that.

Mr. Beckert said that it was the book of policies adopted annually.

Mr. Moynahan said that Mr. Murphy should have a copy in his packet.

Mr. Murphy clarified that it was just the current ones and they weren't changing them, just adopting them.

Mr. Blanchette said yes.

Mr. Moynahan said that they could modify them throughout the year if there was ever something they wanted to change but that would be different.

Mr. Dunkelberger said that he might want to modify this one policy but he would have to do some research.

Mr. Beckert said that that was a Town ordinance, not a policy.

Mr. Dunkelberger said that he knew but asked if it applied to internal.

Mr. Beckert said yes, that it covered both internal dealings with boards, committees, and commissions and dealings with boards, committees, and commissions outside of the Town.

Mr. Moynahan said that they could certainly look at it if was problematic.

Mr. Dunkelberger said that the only reason he brought it up was because he was going to retire in November and one of his goals was to kind of figure out how this Town works, which meant he wanted to go out to the department heads and see what they did.

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Mr. Beckert said that he could certainly do that, saying that all he had to do was let the Board know he was doing that and the Board would approve him out there doing that. He added that, as he said before, it all came about because of a rogue member from the BC way back when and was out and about way beyond the parameters of the Town, using the Town's name, to gain information.

Mr. Murphy said that, if he had not done that or just identified himself as a citizen of Eliot, then anyone could do that.

Mr. Beckert said exactly, adding that this person was identifying himself as a member of the Eliot Budget Committee and saying he needed to get the information and the BC at the time had no idea, the BOS had no idea, and it became an issue.

**8:24 PM**

Mr. Moynahan said that they had talked briefly on the letter to Kittery and asked what the opinion of the Board was on what to do that, if anything.

Mr. Dunkelberger said that he thought they should proceed with the letter and he would advise 2-Way that the billed belonged to Kittery and just tell them what this Board was doing. He said that Kittery authorized the service so right now the bill did, in fact, belong to Kittery not Eliot.

Mr. Moynahan clarified that the bill was made out to the Town of Eliot.

Mr. Dunkelberger clarified that that was a subsequent bill at the direction of Kittery.

Mr. Moynahan said that they didn't see any of the other ones and that was his only confusion, that Eliot wasn't involved in the beginning part of the process. He added that he looked at the date and that was what made him think to bring it up in conversation tonight. He asked if it was consensus not to pay and wait.

Mr. Hirst said yes.

Mr. Murphy said that he thought his letter said that they had not approved this expenditure and once they had Kittery's response, in writing, to this whole situation, then they would consider paying it. He asked if there was a question of adding to the letter.

Mr. Moynahan said that the letter has gone out, that he saw the date after the letter went out and it bothered him that he didn't pick up on it earlier because it was the subcontractor being affected. He added that if it was the Town of Kittery sending them a bill then he would have said eat sand.

Mr. Dunkelberger said that he thought they needed to eat the late charges because the Chief has been sitting on it.

Mr. Murphy said yes, that that bothered him. He added that this sort of implied that Eliot would pay but only after discussion and they want Kittery to at least agree that they would not do this again.

Mr. Moynahan said that Kittery should include Eliot in the process.

Mr. Dunkelberger said that it would be good PR for Eliot if someone were to call 2-Way and let them know what was going on – that the bill legally belonged to Kittery.

Mr. Hirst said that he had a morality issue, here. He added that had the radio system been here in the Fire Station it would have been paid without a question. He asked why it was being beaten on because it was in the Kittery Police Station; why was it that the Kittery Police Chief was subjected to whatever he was

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subjected to such that he was no longer on speaking terms with their Chief. He said that he thought that was a terrible thing and, then, the Chief said to the Board the other night that he was exploring the possibility of changing the vendor to someone other than 2-Way because he was so upset about this. He added that he did not think that was in order, at all. He said that he thought that 2-Way was acting in good faith, went down and fixed the radio, and he just billed it to the wrong entity. He said that he thought 2-Way should have billed it to Eliot and he frankly thought that, since he fixed Eliot's radio, then Eliot should pay the bill.

Mr. Murphy said that it was his understanding that he didn't fix the radio but adjusted the way it operated in order that Kittery's reinstallation and removal and repositioning of their system wouldn't be affected by the change that was previously okay. He added that they moved it and, by moving it, Eliot's portion done there wasn't consistent with what they did, so they just went in and changed Eliot to make it conform to what they did without letting Eliot know that they were even going to do that.

Mr. Hirst said, obviously, they shouldn't have done that but, it seemed to him that it was incumbent upon Eliot for Eliot's radio not to interfere with Kittery's radio.

Mr. Murphy clarified that they didn't correct Eliot's system, they realigned it.

Mr. Dunkelberger asked if it was because Eliot's radio was interfering with theirs or was it now because Kittery has changed the placement of their antennas that was now interfering with Eliot's radio. He added that that was part of the core issue – that Kittery authorized the work on Eliot's radio without consulting Eliot.

Mr. Hirst said that he agreed.

Mr. Moynahan said that, hopefully, they would hear something back from Kittery soon so that the contractor could get paid.

Mr. Dunkelberger agreed, saying that 2-Way was a victim in this.

The Board agreed.

Mr. Moynahan said that, if the Board wanted, it would be nice to go into executive session.

Mr. Blanchette said it was just to review and get an update on the contract negotiations with the union. He added that it would take five minutes.

Mr. Beckert asked if they actually adopted the policies.

The Board agreed that they had not.

Mr. Beckert moved, second by Mr. Murphy, that the current policies governing personnel, selectmen, and by-laws be adopted for the ensuing year.

**VOTE**

**4-0**

**Chair concurs**

**Other Business as Needed**

There was no other business tonight.

**8:32 PM**  
**Executive Session**

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**July 19, 2012 5:30PM (continued)**

Mr. Beckert moved, second by Mr. Murphy, that they move into executive session as allowed by 1 M.R.S.A. § 405.6.D discussion of labor contracts and proposals and meetings between a public agency and its negotiators...Mike Moynahan, Dutch Dunkelberger, Chief Ted Short, and Dan Blanchette.

**VOTE**

**4-0**

**Chair concurs**

**8:40 PM** Out of executive session.

**8:41 PM** Mr. Beckert moved, second by Mr. Dunkelberger, that the Board of Selectmen enter into a new contract with Linda Keeffe as Recording secretary for the Board of Appeals at \$50.00 for the first three (3) hours and \$13.50 per hour for every hour thereafter.

**VOTE**

**4-0**

**Chair concurs**

**Adjourn**

There was a motion and second to adjourn the meeting at 8:41 PM.

**VOTE**

**4-0**

**Chair concurs**

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**DATE**

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**Mr. John J. Murphy, Secretary**