

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**August 16, 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.

**New Business (Correspondence List):**

**5:35 PM**

**#1** TO : Board of Selectmen  
FROM :  
REF : Meet with Superintendent Nash on School Budget

Mr. Moynahan said that Dr. Nash and Ellen Breed were present to discuss the school budget. He said that they had brought up in past BOS meetings their concern with increased costs that the Town has been seeing with that, adding that the entire tax increase for the citizens this year was based on the school increases, which he believed was a 55-cent per-thousand increase for residents. He added that Mr. Blanchette supplied the Board with a pie chart showing costs over the past 10 years and how that related to the Town in comparing those increases to the Town's. He said that they were trying to get a handle on how the school was impacting the residents of the Town because they heard that a lot. He invited Board members to ask questions.

**5:37 PM** Mr. Murphy said that he received the school budget information today and spent the day going through it and his comment was that he was delighted to read through it, that he understood much of what she said, and appreciated the work that went into presenting this amount of information, with the breakouts that Dr. Nash provided. He added that he found the graphs to be interesting. He said that he had no complaints and no suggestions to them because he didn't know enough about running and operating MSAD #35. He again thanked them for being present, for doing the work, and, as the meeting went on, he might have questions.

Dr. Nash asked if it would be helpful if she gave the Board a general framing of their budget this year.

The Board agreed.

Dr. Nash said that she was appointed as the superintendent by the board on July 1<sup>st</sup> last year and she was the third superintendent in that school year, alone. She said that when she came to the school district she found a wonderful, vibrant school district, that they had absolutely terrific, hard-working, and well-trained teachers and administrators. She added that in the fall it was very clear to her that they, as a district, did not have sufficient cash on hand to pay their monthly bill in December, that she knew that in late October, and she was very surprised. She explained that she came from Massachusetts so the Maine regulations were new to her at that time. She said that, apparently, Maine has in its' law that school districts in Maine were not to keep more than 3% of their operating budgets in what they call the contingency fund. She added that MSAD #35 did that, that they had more than that and they spent it down, explaining that they essentially used \$1,000,000 a year in each of three years to spend it down to the 3% rate, which was what they thought they should have done as a district.

Mr. Dunkelberger said that that was one of his big questions as to how they got there.

Dr. Nash said yes, adding that that was why she thought it was easier to hear kind of the fireside chat story. She said that she thought the charts were important but, in her own words, this is what really happened from her point of view. She said that what was interesting to her, even though it was on the Maine books that school districts were not to have more than 3% in their contingency funds, no district could pay its monthly bills on 3% of its operating costs. She said that that was what happened, that they had depleted their safety net that they had in that contingency fund and did not have enough cash to meet their December payroll.

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She said that they had to go out to the public market, getting a very attractive loan rate but, still, it was somewhat embarrassing and hard for the district at the same time to say they needed a loan.

Mr. Murphy clarified that that was the \$600,000.

Dr. Nash said yes and that they got it at a .97 % interest rate. She said that, at the same time, they were not only looking at a reduction in State funds but also federal funds and looking at an unknown increase in labor and health costs in December of last year. She explained that there were a lot of wild cards on the table as they sat to develop the budget. She said that in those dark days of December and January she estimated that the tax increase could be as high as 11-12% and hoping they would be able to manage what they could to get that number down as low as possible, that health costs and labor costs would come down lower than they projected. Dr. Nash said that she instituted a budget freeze immediately in the middle of November that went through the entire school year in an effort to carry forward any savings for the board to be able to either pay their bills or lower the tax rate. She added that, in the end, all the factors combined. She said that some of the winds were favorable such as the light winter in terms of heating costs. She said that they recovered significant savings in that and from health care costs, that they budgeted a 10% increase and she believed that health care costs came in at 4%. She said that they saved over \$400,000 in their budget freeze, which meant that staffing could not be hired unless it had her express approval, not a pencil could be bought by the district unless it had her express approval. She said that she and the principals worked very, very hard to control their costs while, at the same time, maintaining the high quality of services that the residents and students expected from the district. She said that, as a result of all that, they were able to reduce the deficit of \$2,000,000 she saw in January to around \$1,800,000 and what she recommended to the board in March and, then again, in May was to basically cut that in half – that they cut approximately \$900,000 from the school budget, that they did eliminate 16 positions, and that they would ask the taxpayers to raise the other \$900,000 that they required. She said that, of the cost-savings of the \$400,000 that they were able to save, the board also did a 50/50 deal; they put 50% of it towards lowering the tax rate and the other 50% towards their expenses for next year, which she thought was very wise and something they took a lot of thought to do and anguished over. She said that the way she framed the dilemma for the district was this: she had to work with the district administration and the school board to what she called right-size the district budget. She added that, for many years because of that movement of the million dollars from the contingency fund to operating costs, in a sense, the district was living off of money they didn't have and were never going to replace or didn't have a strategy to replace and, so, the revenue and expenditures were out of whack. She said that she had to right-size the expenditures, which was why they cut 16 positions, and, at the same time, they had to recalibrate the revenue stream. Dr. Nash said that she was very grateful for the invitation the BOS extended to her because she wanted to emphasize and pledge to the Board that she did understand the dynamics of fiscal responsibility; she did understand that the Town of Eliot did have to pay a 7.6% increase in their taxes for the school department – she lived in South Berwick and had to pay 7.5% taxes on her own farm. She said that it was her pledge that, now that they had right-sized the budget, she would manage the budget with the administration and the board so that there should be no more than a 1-2% increase in the tax base every year. She said that the school district, she believed, was a 26 million-dollar business and it would be unreasonable to think there would be no cost increase every year; she thought it was very reasonable and doable to have 1-2%. She added that that was what she has been trying to explain to the citizens and staff and board – that that was the range they should be in every single year so that everyone would know where they stood and see where they were. She reiterated that that was how she thought they got from here to there; it was a most difficult year, she thought the most difficult this district had seen in over 10 years financially.

Mr. Moynahan said that he knew they equated some of the numbers and that, this year, the school was responsible for the entire tax increase, which was \$46,000+

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per month and \$556,000 for the year. He added that one of his questions was what the school was doing to combat the rising costs and she indicated trying to get a 1-2% yearly increase, asking how that related to declining enrollments and revenue shortfalls that the district has been facing in the last 10-year period. He added that he always looked back at a 10-year period because some of those may go hand-in-hand. He said that he knew they had seen declining enrollments for the last 10 years, steadily, and asked how the revenue shortfalls had been as far as State and federal aid – have they been declining in the last 10 years also.

Dr. Nash said that there was an increase, then a decrease, in terms of federal funding. She added that Mr. Stewart could probably speak more on the State funding because she had only been in the State for a year. To answer the question on student enrollment, she said that, if they thought of classrooms as transport vehicles, like an airplane or bus, if they lost 1-2 kids per vehicle, they would still have to have the bus and the driver or the pilot in the plane; they had to have an economy of scale in order to shut down one unit in order to have a significant cost. She added that they did a lot of that this year; that that was how they got the 16 positions out of the budget and, yet, they didn't lay off any teachers because highly qualified teachers were very expensive to replace. She explained that they identified the positions to be cut but, in the end, they had significant retirements, as well. Dr. Nash said that they were in the process of applying for a proposal with Rollinsford to potentially bring Rollinsford students in. She said that, if they looked at the chart in she thought Tab 21 on their student enrollment (subsidy enrollment 10 years chart), it was pretty dramatic. She said that, if they looked in the center for fiscal years 7, 8, & 9, the district had a fairly stable student population at around 2,550 but then it continued to go down over the last four fiscal years. She explained that MSAD #35 was very proud that they had a high-quality district that was efficient, adding that a recent study by the University of Southern Maine found that Marshwood High School was one of the exemplary high schools in the State, not just in the county, for being high performing and efficient at the same time. She went on to say that the proposal with Rollinsford is that, by the year 2015, they would begin to bring in 30 ninth graders and then, over the succeeding three years up to FY 2018, there would be a roll out so that they would have up to 180 7<sup>th</sup> through 12<sup>th</sup> graders. She clarified that she had Mr. Stewart amend this chart, which she didn't give the Board, but they had a community meeting last week on this issue and she presented the amended chart; they added the 180 students to that 2402 and it came right up to just above the 2,550 number, so they were hoping to stabilize their district budget at that time. She added that, in addition, because of that idea of units of size (bus metaphor) they believed they had some excess capacity in their classrooms right now; not that they could close any more classes but that, if the class size was 20 and they had 17, then there would be room for three more kiddos. She said that when they added all those up and, if they were lucky and got the Rollinsford proposal, they believed they had significant staff on staff right now to cover 1/3 of the costs, so, say they got \$1,500,000 in tuition, then they would have to pay \$500,000 for new staff for them – they would essentially be able to use \$1,000,000 cash every year for six years – that was why they were so interested in this. She said that right now they have only two big ways for revenue; one was taxes and the other State or federal grants. She added that the board did have a policy for non-resident tuition students to come into the district but they only have one student so far at the high school. She said that this would be an amazing opportunity to not only provide high quality educational services for students but also develop a revenue stream that right now did not exist. She said that they would have to think hard as a community on how to invest it because they have learned over the past three years that they could not use money in the operating costs that they may never have again; that it had to be invested wisely in capital improvements, whether it was in professional development, equipment, facilities, in some cases lowering the tax rate as long as people understood that it might be only a 1-year lowering of that tax rate. She said that they had to be wise people with that kind of money and that was a good problem to think about.

**5:45 PM**

Mr. Moynahan said that she just mentioned the metaphor about the bus, that one still needed a driver and that sort of thing, and she mentioned that there was

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currently room in classrooms but also that it would take \$500,000 in additional staffing, so there would be staffing increases, that current staffing would not be able to accommodate the 180 new students and would be a phased-in type of thing.

Dr. Nash said yes, adding that she had been working on the Rollinsford proposal for the last three weeks and it was a complicated chart; she had to do an actual spreadsheet to understand it herself. She explained that they currently have their 7<sup>th</sup> through 12<sup>th</sup> graders in Somersworth Middle School and High School and they want to give the parents the opportunity to stay in either the middle school or high school until the top grade of that school. As an example, she said that, if one was a 7<sup>th</sup> grader (in 2015), that student could come to MSAD #35 or stay in Somersworth until that student graduated the 8<sup>th</sup> grade but, in September 2015, they knew that graduating 8<sup>th</sup> graders that would be 9<sup>th</sup> graders would come to MSAD #35, then, the next year it would be 9<sup>th</sup> graders, etc. She added that they would always say "some" because they didn't know, as Rollinsford would give families the choice. She asked Mr. Stewart if he had a sense of the State funding, if it had gone up or down.

Mr. Stewart said that, going back 10 years, it was declining at about 2-3% every year and then, when they went with the new funding formula for essential programming and services, they got a 26½ % increase that year (2006); then it bumped along pretty steady at about a 1% increase; then, in the last three years it has gone down about 1½ %.

Mr. Murphy said that the next chart showed the State and federal subsidies and it looked rather straight. He suggested the chart should go down another inch to zero in order to get the two lines to add up.

Mr. Stewart said that, while they got a 3.5 million dollar increase in 2006, he had said it stayed kind of steady and then started to increase and all that but they were still at 12 million and, back in 2005, they were at 9.5 million in subsidies so they never got back down to the levels they were in in 2005.

Mr. Moynahan clarified that they had more subsidies than they did in 2005 and a 3.5 million dollar injection.

Mr. Stewart said that even with all that the State was still not – the law requires the State to fund public education at 55%, statewide, and they were required to fund what they called the essential programs and services - recognizing the expenses at 100% of essential programs and services and then funding at whatever level that district got funded at based on property values. He reiterated that, statewide, they were supposed to pick up 55% of public education, that that was the law in 2006 but they never reached that goal. He added that they were at about 46% of total cost of public education just because the State budgets didn't allow it. He said that, if they were to fully fund what the law required, then they would see a significant increase in subsidies.

Mr. Moynahan asked how they chased that, adding that, if the State law required them to pay 55%, statewide, and he was sure they were affected by that...

Ms. Breed said it was huge, that it was millions of dollars that they were not getting.

Mr. Moynahan said that they should then advocate to the State.

Ms. Breed agreed.

Mr. Moynahan asked if they were doing anything at the school level to advocate to the State.

**5:55 PM**

Mr. Stewart said absolutely; that they were members of the Maine School Management Association (MSMA), which is the lobby group that was in there constantly talking to legislators about that but they could do stuff locally, too, with their own local legislator.

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Mr. Moynahan said that that might be a good joint venture with the local officials as well as the school officials.

Dr. Nash and Ms. Reed agreed.

Dr. Nash said that she would like to point out that they did some creative things in developing the budget. She explained that one of the positions that was cut was the Facilities Director, that they had a 1.0 Facilities Director that she cut to half-time and outreached to MSAD # 60 (Noble) and were very pleased with the quality of service from that individual right now in terms of being able to advise MSAD #35 and manage on their facility management. She said that she was very encouraged by that, that it was basically a one-year experiment to see how it went on both sides. She added that they were in conversations with the district of Kittery right now in terms of sharing the costs for their adult education director, which has been in conversation for a very long time but she thought they would actually do it this year. She added that she thought it was a step in the right direction and were things that couldn't be mandated at the State level but, at the local level, that it was the knowledge of what the resources were and what the need was and, then, the actual individual impetus to say, "Let's get it done."

Mr. Moynahan said that he was sure that salaries and benefits were a big driving force and asked what the policy was in the district for the benefit packages the teachers and administrators received – was it 100%.

Dr. Nash said that, somewhat complicated but also an advantage, all four union contracts were due to be renegotiated this past school year. She added that she and the board was in a position to look at each of the labor contracts that they had – teachers, educational technicians, administrative assistants, and school nurses. She said that she had worked in the Boston public schools for 35 years before she came to this district so she had a long experience in terms of working with unionized labor. She said that they took the existing contract and negotiated off of that, that they didn't start at zero every time they had a contract negotiation – they had to understand and acknowledge that it was the existing contract they were operating under and then building off of. Dr. Nash said that the board did settle with all four unions for what she thought was a very reasonable cost-of-living increase, which was 1% for this next school year. In addition to that, she said that in the teacher's contract, they had a series of steps basically for longevity and they did not have the money to pay for both; that it was agreed on both sides that steps would not be paid at all for half of the school year. She explained that they had single payers, in terms of benefits, which the district would pay 100% for the cost of their health care and very expensive. She said that there were other categories up to family – single with one person, single with children, then family. She said to be able to change a benefit like health insurance that was held near and dear to a union member they had to have something in exchange for that and they didn't have a lot in exchange for that, at all, on their side of the table. She said that they were not able to make any moves although they tried very hard in each of the four contract negotiations – they tried different strategies to get different bargaining units to move in different ways and they couldn't budge one of them. She added that that was on their table for the next round of negotiations.

Mr. Moynahan said that the Town was working towards a 5%, 10%, and 15% employee contribution towards the extra benefits. He added that they also had a union in Town and that certainly they were not offering something in exchange for that but were just letting that bargaining group know that that was what the Town had chosen to do because there was no other municipality that offered 100% benefits, even in law enforcement.

Dr. Nash said that she understood. She added that it was not uncommon in York County and that was the problem – no one has broken through that barrier. She added that she had done a comparison of all the districts and it was work they needed to do, there was no question.

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**6:00 PM**

Mr. Hirst, regarding only a 3% limitation on unexpended fund balance, asked what other districts did as it related to that limitation.

Dr. Nash said that they took out loans. She added that one of their board members went to a board conference up in Augusta and asked that question last December when MSAD #35 was in the midst of this; she happened to be an accountant by trade. She and the whole board was quite surprised that that was the answer she received; that it was very common for boards to go out just as a matter of their operating budget and take a loan. She said that one of their goals was not to do that. She added that they had financial goals, now, and one of their first financial goals was to build up the board's fund up to 6%, adding that the board put some of the money they accrued from the budget freeze last year into that account to start to build it up and it would probably take them to a little bit into FY 15 to completely restore it up to the 6% level. She said that everybody had learned a big lesson that, no matter who recommended it, the answer was no; once it was at 6% they would not touch it to bring it down again. She said that the second financial goal was to begin to save for a capital improvement plan (CIP). She added that they had Mr. Stone prepare a CIP for the district that indicated there would be significant capital costs in terms of their maintenance and repair bills, wanting to be proactive and out in front of that problem and start saving for their capital costs.

Mr. Hirst clarified that there was no CIP prior to her coming.

Dr. Nash said that it was not heavily invested in, adding that Mr. Stewart could answer for before her time; it was maintenance rather than capital.

Mr. Stewart said that it wasn't formalized and something they could refer to in a formal document. They knew what projects needed to be done and they talked about them at every budget cycle.

Mr. Hirst clarified that they didn't fund them each year.

Mr. Stewart said that they funded the projects they felt they could fund. He added that the facilities have been well-maintained; that they have a facilities subcommittee of the board and they were very aware of the need to maintain the facilities because they knew if they were neglected it would cost a lot more down the road. He said that the facilities were in pretty good shape but, as they got older, they needed to look further into the future as far as planning and they were looking out 20 years rather than 3-5 years.

Mr. Hirst asked if they had any notion of the rationale of the legislature on limiting school districts to 3%.

**6:05 PM**

Dr. Nash said that she did not but her sense was that it was a very old stipulation and it was probably sufficient in the old days but it was not now.

Mr. Hirst asked if that would suggest that the legislature should be contacted to see if they could change that.

Dr. Nash said yes.

Mr. Hirst commented that that put the district in an awful position and meant they needed to borrow money.

Dr. Nash said that they were audited every single year and her first experience with the auditing here was last summer and that was when it first occurred to her that they should be putting more money in. She said that she asked the question of what happened to districts that ignored the law and put in more than 3% and the auditor said nothing happened, adding that they could do something...

Mr. Stewart said that they could withhold subsidies dollar for dollar.

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Dr. Nash added that the auditor said that they never had so she knew then that they needed to have a strategy to exceed that table. She said that, even if the legislature didn't act, they needed to act in the best interest of their districts and communities. She added that she would try to work with the State legislators to help them try to see the light.

Mr. Hirst said that he would hate to see a rule they intentionally ignored; he would rather see the rule changed.

Dr. Nash agreed.

Mr. Moynahan said that it was funny that she said they could penalize the district dollar for dollar but, yet, they still owed the Town money.

Ms. Breed agreed that they didn't have much leverage.

Mr. Moynahan said that maybe that was some type of resolve they could all be committed to.

Ms. Breed agreed and said that they could certainly lobby for that consideration; that they were not alone because every school district was facing the same difficulty.

Mr. Murphy said that he was a suspicious man, sometimes, and he wondered if, right now, it might be difficult to change because of the close relationship that many of their legislators currently have with the banking industry, adding that they could say not to do that because it would hurt them.

Ms. Breed said that it may not be successful but they could certainly start.

Mr. Hirst commented that at .91% interest it would not hurt them that bad, but it wouldn't always be that low.

**6:10 PM**

Mr. Moynahan asked if there were any other questions from the BOS. There were none.

Mr. Moynahan said that they certainly didn't want to take a whole lot of time; that the Board just wanted them in to start communication.

Dr. Nash said that this was so helpful and she hoped they could have more communication in the future.

Mr. Moynahan agreed, saying that he thought the Board looked forward to that.

Mr. Hirst commented that the budget was very nicely put together and very understandable.

Dr. Nash said that it was a great district and Eliot should be very proud. Mr. Murphy asked her if she had any questions about the Town; was there something more that the Town could do.

Dr. Nash said that she thought this communication was really important, inviting them in to the schools, and, if there was anything they could do, to let them know. She added that the Town has been a wonderful partner; she introduced herself to the Chief early on in the school year and he has been wonderful in terms of the safety issues for the Eliot schools. She reiterated to let her know if there was anything more she could do and said that she looked forward to working with the BOS more.

Dr. Nash said that she wanted to let the Board know that one of the teachers at the central school in South Berwick was one of three finalists for Teacher of the Year, so they were very, very excited. She said she was just a terrific teacher. Dr. Nash commented that she was very lucky to have a Blue Ribbon school one year,

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perhaps a Teacher of the Year the next year; what a district and that was the caliber of the folks they had.

Mr. Moynahan agreed. He thanked the board members for coming in and having a great dialogue; that they appreciated their time.

Dr. Nash said that, if they got the Rollinsford proposal and the BOS had any questions, please don't hesitate to contact her because she thought there was a lot of misinformation, perhaps, out there. She added that she posted all of their documents that they presented at their public meeting on their website, adding that once their proposal was public she would post the proposal, too; that it was pretty straightforward. She added that she tried to be transparent, especially around the finances.

**#2**           TO     : Board of Selectmen  
FROM :  
REF   : Meet with Department Head – Heather Muzeroll-Roy

**6:12 PM**     Mr. Moynahan asked if any Board members had any questions of Ms. Muzeroll-Roy.

Mr. Murphy asked her how the summer was going.

Ms. Muzeroll-Roy commented, "What summer, it was almost over." She said that it was a very good summer, way too busy. She added that the last day of camp for Kids Play was tomorrow and that they had over 100 kids in that camp. She said that their last day for Youthbound, which was their junior high camp, ended today.

Mr. Murphy asked if there was anything unusual.

Ms. Muzeroll-Roy said that it was a little bigger for Youthbound because the Kids Play kids moved up one level and Kids Play was pretty consistent at about 100 kids.

Mr. Murphy asked if the excessive heat had been a problem.

Ms. Muzeroll-Roy said no, no issues.

Mr. Dunkelberger said that this was something that had always, thus far, stymied him. He said that she had three accounts, basically – the operations account, Kids Play account, and the Enterprise account. He asked her to explain all those to him, how she managed those accounts, what money went into them and what money came out.

Ms. Muzeroll-Roy said that the operations account was all parks, office supplies, and that account, in particular, was the one the Town voted on each year. She added that the Enterprise account was anything that revolved around all of their sport camps, leagues, adult programs, Youthbound, and any grants, sponsorships – all of that was dumped into that account. She said that anything that went in specifically for that account was then taken out of that account to pay for such programs.

Mr. Dunkelberger asked if that account had specific rules on it as to what she could and could not use it for.

Ms. Muzeroll-Roy said that when the Enterprise account was decided on, and she didn't know when it was decided on because it was years before she became director, but the idea behind the Enterprise account was for revenue to be taken in, to cover expenses for that particular program, if any staffing was required. She said that, at the time, it was just the Youth Program Coordinator, who got half her salary paid for by York Hospital. She said that, essentially, the Enterprise account was what they needed to make money to pay for expenses with programming.

Mr. Dunkelberger asked if she generally had a positive balance.

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Ms. Muzeroll-Roy said not year-to-year, explaining that that money they made this year came from last year. She said that they started booking trips for their Youthbound program in January so they needed to make sure they had a positive balance from the summer before to pay for that stuff this year, adding that any money they made this year, which she didn't know yet because they were just ending, would pay for deposits and such for next year.

Mr. Dunkelberger asked if she could move money from one account to another between the three accounts.

Ms. Muzeroll-Roy said that she has never been able to do that. She discussed the Kids Play account. She said that it was completely separate and, when they took over Kid Care they renamed it to Kids Play just so there wasn't any confusion; that it was a State-licensed program in which they had to do so many random check-in visits, ratios, a little bit different than running regular Town programs. She added that any money taken in for that specifically pays for anything that had to do with Kids Play and nothing else, not the Enterprise account nor ECSD. She said that, right now, any money being made on the hundred kiddos from this Kids Play camp would help pay for next year's camp.

Mr. Dunkelberger commented that it sounded like that program was pretty well self-sustaining.

Ms. Muzeroll-Roy agreed, adding that they then roll over into a before-and-after school program, which started whenever school started.

Mr. Dunkelberger clarified that the Town did not make any contributions towards that program.

**6:17 PM**

Ms. Muzeroll-Roy said no; when they took it over from Kid Care that was the understanding, that there would be no Town funding with that program. She said that, when ECSD bought Kid Care, she thought they actually only bought supplies and that was it; that they did not do any funding for that program.

Mr. Dunkelberger said that, at one time, there was a sizeable balance but he did not know what the balance was now.

Ms. Muzeroll-Roy said that she did not know off the top of her head.

Mr. Dunkelberger said that the school system found out that they could not maintain those high balances and asked her if there was something out there that the BOS needed to be concerned with in regard to a high balance.

Ms. Muzeroll-Roy said that she wasn't aware of anything.

Mr. Dunkelberger asked what happened to that balance, did it continue to grow.

Mr. Murphy said that that has not been a problem.

Ms. Muzeroll-Roy agreed, adding that it has been maintained.

Mr. Blanchette said that the Kids Play they would take as the thing. He clarified that if they continually made money, then there could be a possibility that, and he wasn't recommending this, with say 5% of Ms. Muzeroll-Roy's time being spent on Kids Play, they could take money from Kids Play for 5% of her salary. He reiterated that he was not recommending that but it would be a way to do it. He clarified that, technically and legally, it was Town funds. He suggested it could be voted by the Town, as an example Kids Play went out of business and there was \$20,000 (usually \$10,000-\$15,000) left in the account, those would be Town funds. He added that the BOS wouldn't have the authority to transfer that money to something else because it was in a specific reserve account, if they wanted to call it that, but the Town Meeting would have the authority to do that, so, the BOS could ask the Town Meeting to transfer that to buy boots for the firemen, etc.

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Ms. Muzeroll-Roy said to kind of piggyback on what Mr. Blanchette said, she was currently working on combining Enterprise and Kids Play so, anything with Enterprise and Kids Play her department would become more and more self-sufficient. She added that she would have to get Board permission in order to do that - to look at really combining those accounts and come up with some sort of layout as to how they would do that and that is what she has been trying to figure out all summer for this present budget year. She added that it would not be a 2-year plan but, for this budget year they would know if that was something that was going to happen.

**6:20 PM**

Mr. Blanchette said that the auditor presently did that. He added that, if they looked at the audit report, he believed they would find that the two accounts were combined as one.

Ms. Muzeroll-Roy agreed that they were.

Mr. Blanchette said that he had the detail per account but he summarized it into one.

Mr. Beckert clarified that the Enterprise account was fee-driven and was not supported by taxpayer funds.

Ms. Muzeroll-Roy agreed that it was fee-driven and not supported by taxpayer funds.

Mr. Beckert said that he brought that up because he wanted people to understand as he has heard it over the years that that was taxpayer money. He said that the only Town money that Enterprise account was started with was \$7,000 that they took from the General Fund for seed money to actually get the account going. He added that, after that, it was to be totally fee-driven and, to his knowledge, there has never been any other appropriations out of taxes put in that account.

Mr. Moynahan said that he thought they actually took money out of the Enterprise account one year.

Ms. Muzeroll-Roy said that they did.

Mr. Blanchette said that for several years they have paid a portion of the Director and Assistant Director.

Mr. Beckert asked if they figured a percentage or did they just do it for operating because that was not what the account was intended to do originally.

Mr. Blanchette agreed but that was what was done.

Mr. Beckert said that, for the record and being on the Board that set that up, that was not what that account was for and that was not how it was sold to the Town.

Mr. Blanchette agreed.

Mr. Moynahan said that there were certain discussions that surrounded that, for sure.

**6:22 PM**

Mr. Dunkelberger asked how the new arrangement with her responsible for maintaining the athletic fields was working out.

Ms. Muzeroll-Roy said that it was no different from what it was before and no issues.

Mr. Hirst said that, in the Selectmen's policies (top of page 4), it gave a set of guidelines on what monthly reports should contain and he just wanted to make sure she had access to that.

Ms. Muzeroll-Roy said that she did.

**SPECIAL BOARD OF SELECTMEN'S MEETING  
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Mr. Moynahan asked her to be more religious about getting those in, that they have been asking all department heads to make sure monthly reports were submitted. He said that financials were one big concern; that they wanted to make sure that expenditures were paid attention to versus approved budget line items throughout the year. He added that the Board was talking about having department heads in every 2-3 months to see where they were throughout the fiscal year. He said that any financial information – bills, use of check card, etc. – needed to get to Ms. Spinney in a timely fashion, which was currently not happening. He clarified that all these things were being said to all department heads. Mr. Moynahan said that for any BOS questions they had a green book for the warrant in Ms. Spinney's office; that a lot of times they might have a question on a warrant item or bill or something – any answers should be directed to the whole Board, not just the person who asked the question. He added that they were also looking at tracking additional time – earned time, vacation time, sick time – of the employees so the Board could always have a chart that they could refer to at any time, adding that he thought the departments would be tasked with that and any of the Board members could view that at any time – not managing it for department heads, they should manage that for themselves. Mr. Moynahan said that he was also asking department heads what the Board could do for them and asked what they could do for her to assist her operation, in her day-to-day; if there were things she was lacking.

**6:25 PM** Ms. Muzeroll-Roy said that she had things she had questions on but nothing presently that the Board could necessarily offer her. She said that she knew the whole carry-in, carry-out policy was going to be an issue this year. She discussed the dumpsters and Waste Management and said that the bottom line was that, in order to get those dumpsters off of her parks, she would have to pay an early termination fee plus monthly fees because their contract was a 2-year contract, which ended October 1<sup>st</sup>. She said that they could do a couple of different things, which she needed permission from the Board to decide on tonight because it needed to be in letterhead format – they could pay the termination fee and be done with it or they could pay the monthly fee and be done with it in October. She said that they were paying about \$637 a month, presently, for those dumpsters and it would be a little bit more to cancel those dumpsters, so, it would probably be close to \$2,000 to cancel everything. She asked for suggestions.

Mr. Beckert said that it would be possibly \$2,000 to terminate them early and here it would be \$1,200 if they just left them until October 1<sup>st</sup>. He suggested leaving it until October 1<sup>st</sup>.

Ms. Muzeroll-Roy asked if she put a letter together could she have the Board Chair sign that with her because that had to be in, adding that it had to be a certified letter stating that they were terminating their agreement; they had to make a notice to them that they were not renewing their contract.

Mr. Moynahan clarified that it was automatically renewed.

Ms. Muzeroll-Roy agreed and said that they just sent her the new contract.

**6:27 PM** Mr. Beckert moved, second by Mr. Hirst, that the Board of Selectmen not renew the contract with Waste Management, effective October 1<sup>st</sup>, and that the Eliot Community Services Director and the Chairman of the Board of Selectmen be empowered to sign any necessary paperwork to notify Waste Management.

**VOTE**

**4-0**

**Chair concurs**

Ms. Muzeroll-Roy said that she had put in for a raise for her maintenance position during the budget process; that she had figured in so much money for that position, in particular; explaining that the Highway Department had had him at one figure and she had had him at a different figure because his responsibilities were going to include weekends. She said that he has yet to receive that pay increase because it was not signed by the Board. She accepted full responsibility

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**AUGUST 16, 2012 5:30PM (continued)**

because she thought that during the budget process it would be an automatic increase because she figured it into her budget, however, he has not been given that increase in pay from the \$12.00 the Highway Department was paying him for seasonal to what she was hiring him for, which was \$13.50. She said that she didn't know how to proceed with that at this point. She added that he was hired by her for \$13.50 on July 1<sup>st</sup>. She also added that the paperwork didn't go to the Board because that was part of the budget process.

Mr. Moynahan asked if she had paperwork to support that he was to be hired at a certain amount.

Ms. Muzeroll-Roy said that she did.

Mr. Moynahan said that the Board would need to see that to rectify that, the hiring papers that would indicate what was agreed to.

Ms. Muzeroll-Roy said that she would do that.

Mr. Moynahan said to get a copy of that to Mr. Blanchette or himself and they would make sure it was on the agenda and they would let her know when that was on the agenda to discuss. He added that he didn't think it required the employee but that they may take that up in executive session.

Ms. Muzeroll-Roy said that she did write a grant for the Boat Basin for \$32,000 and she thought they would hear something the first week in September and that was to replace all of those floats that were presently down there – the launch.

Mr. Moynahan said that he had dropped some 2x6 pressure-treated down there for some repairs that needed to be done.

Ms. Muzeroll-Roy said yes and thanked him. She said that she had two more to do but the big one has already been replaced. She added that they were in some serious rough shape and if they did not get that grant, then, when the floats were removed at the end of the season, she would have to work with the Highway Department and her maintenance guy to get some of them kind of band-aided for them to go back in in the spring. She added that she could reapply for that grant if she didn't receive it, but, fingers crossed that they got something out of that. She added that Riverside, Pickering & Marine gave her a quote and would help build those floats, if that was the case.

**6:32 PM**

Mr. Hirst said that he recalled that one or two years ago the Corps of Engineers came in with three new floats and asked if he miscounted. He added that a bunch of Army trucks showed up with three floats on them and he was not aware that they paid for those.

Ms. Muzeroll-Roy said that any of the floats they have replaced were old floats from other launch areas provide by the State. She explained that the ones they received last summer were from a Biddeford launch that the State went and got for her and brought down, and they had the Highway Department put them in. She said that they have not received any brand new ones since she has been Director and she didn't know about before that. She explained that it was all State-funded, so every year she put in a request to get brand new floats; that there was a program they were supposed to start in November and would be done by the spring. She said that they have not been on their list yet, which was why the grant was offered and, hopefully, they could get moving on that because those floats would not make it next year.

Mr. Moynahan asked if it was just the decking piece on the floats or the sides, as well.

Ms. Muzeroll-Roy said no, that the cleats were horrible, that they had to go down to redo them all the time and Mr. Moulton could vouch for that. She added that they were in pretty bad shape but they would get them through the season. She added that, underneath, she thought the floats were okay, not something they would ever reuse, but the cleats, the sides, were pretty banged up and that was a high, high tide area, too, so they were taking a beating right there. Ms. Muzeroll-

**SPECIAL BOARD OF SELECTMEN'S MEETING  
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Roy said that the used ones were great for repairs every once in a while but they needed five brand new ones.

Mr. Hirst asked, if they didn't get the grant, then what was the plan.

Ms. Muzeroll-Roy said that she would reapply, do some begging again because, at some point, it would become a safety issue and she would have to come to the Board and request something at some point to figure out what they were going to want to do. She said that the cleats were one thing, that she could get some material to do the cleats part of it, but the boards on the top were the ones that needed to be replaced the most right now.

Mr. Moynahan acknowledged that those were challenging because of how it was put together and takes a lot to disassemble. He said that, then, the Board would wait and see.

Ms. Muzeroll-Roy said yes and that she would let them know about the grant. She discussed the USS Pasadena. She said that she did talk with them on a regular basis and that they were super busy with the submarine fire, which put them back as far as any extracurricular activities. She said that the last thing they did for Eliot was to paint the Boat Basin bathrooms, ECS D had a little cook-out for them, which was in mid-July. She said that there would be a changeover and nothing currently planned because they were having a hard time getting off base to do such activities, however, she thought Festival day would be the next big thing for them to participate in. She said that they were hoping they could walk in the parade, be a judge, get their families here to participate and give them a little break. She said that their COBB and crew were amazing and it was unfortunate that that fire happened because it set them back.

Mr. Beckert asked if there was anything the Town should do for outreach with the USS Pasadena around the holidays.

Ms. Muzeroll-Roy said that she asked them and last year there was a big dinner at the Regatta, she provided them with any of the venues for the church dinners that were around, the Tree Lighting. She added that last year, because they came in in September, they kind of missed all the big activities and, then, they settled for the next three months so they missed all that stuff. She said that this year they were aware of what the Town offered and, plus, some of them were housed in Kittery and took advantage of some of their stuff, too.

**6:35 PM**

Mr. Hirst asked what entities she had contracts with – he presumed Marshwood Youth Baseball, Football. He asked if she had either written or oral agreements with any entity to use Town facilities.

Ms. Muzeroll-Roy said that, if anyone was using a Town facility, then it was run by her department, adding that football camp, per se, ran a program at the Middle School, however, ECS D helped them organize and do registration fees and things like that; field hockey did another program at the Middle School. She said that they took over flag football this year, which was Marshwood but she believed would no longer be Marshwood. She clarified that it would be an oral agreement but, if they were going to do anything on the Town parks, then it would be run through her department.

Mr. Hirst asked if there was an agreement of some sort with Marshwood Youth Football as respected the facility on River Road (Murray Rowe).

Ms. Muzeroll-Roy asked for which program.

Mr. Hirst said for anything, for anything where she had an agreement with another entity, outside of the Town, to use Town facilities.

Ms. Muzeroll-Roy said that anyone who wants to use a Town facility would pay a rental fee, if that was what he was asking, and there was a waiver on that. She said

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**AUGUST 16, 2012 5:30PM (continued)**

that anything that pertained to Marshwood, she didn't charge a rental fee for field use – there have been a couple of situations where they would go down and use the tennis courts for Lacrosse or the field for practice but it was usually very sporadic while their fields were getting ready. She reiterated that it was more of a verbal thing than a written agreement.

Mr. Hirst asked if she had a written agreement was there some provision for having insurance and providing insurance.

Ms. Muzeroll-Roy said yes.

Mr. Hirst said that what he was getting at was that somebody told him at one time that this Marshwood Youth Football, or whatever sport it was, generated quite a bit of revenue.

Ms. Muzeroll-Roy clarified it was baseball.

Mr. Hirst said that it occurred to him and he asked if that was something the recreation department could take over and have the Town make the money that the current user was making.

**6:38 PM**

Ms. Muzeroll-Roy said that Marshwood Youth Baseball is the only Marshwood sport that she had no connection with, not even T-Ball or anything like that. She added that they were their own entity and did make quite a bit of money but she didn't see any of that and it was her understanding that they just combined with South Berwick. She said that they may not even use any Eliot fields this year because they moved their games and practices to South Berwick.

Mr. Moynahan commented that they had talked about that last year about potentially renting fields to them because they were such a big user. He added that they called quite often to rent space, saying that her programs always came first; that they were always secondary on the schedule.

Ms. Muzeroll-Roy agreed and said that she thought that was one reason; she said that they had an adult soccer program that was needing a space and they decided to move to South Berwick instead of fighting over the space, so to speak.

Mr. Hirst asked if it would be reasonable if, in the future, they had such agreement that they get it in writing.

**6:40 PM**

Ms. Muzeroll-Roy said that this fall she was meeting with any organization and that included Lacrosse, field hockey – even though Lisa did a great job with her school – anyone she contracted with through Marshwood she was going to try to get all together so they all had one understanding. She added that they picked up soccer this year for the first time. She explained that she wanted to get all the coaches together from Marshwood who used her programs to come up with something in writing so that there was no question from year-to-year. She said it was easy with field hockey because they were at a school, football was at a school, but anybody who used their fields like soccer and such like that there should absolutely be something in writing.

Mr. Moynahan thanked Ms. Muzeroll-Roy for coming in.

**6:41 PM**

Mr. Moynahan said that they had a department head here that had a couple of questions before the Board went into executive session and asked if the Board wanted to take that out of order.

The Board agreed by consensus.

Mr. Moulton said that he wanted to get some guidance so he could possibly move forward if the Board made that decision tonight. He explained that it had to do with the replacement of the pick-up truck (Dodge) and gave the Board a handout for their review.

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**AUGUST 16, 2012 5:30PM (continued)**

Mr. Moynahan asked if he knew what the calculation of the total cost of interest over the lease purchase would be; out of the total of this price what was the interest.

Mr. Moulton said that he did not do that; that he just used the general to get an idea of where it could go and how, depending on which way it went, and that he was looking for direction on which way to pursue so he could keep the ball rolling one way or another.

Mr. Hirst asked him if he had a preference of fuel.

Mr. Moulton said he preferred diesel. He said that everything in the department ran on diesel; it was more efficient, it was more economical, and they had a pump.

Mr. Moynahan said that these were brand new vehicles.

Mr. Moulton said yes.

Mr. Moynahan clarified that the lease with purchase at the end of the lease – the old vehicle.

Mr. Moulton said yes, for one dollar.

Mr. Dunkelberger asked if he had a preference of the 1 ton over the  $\frac{3}{4}$  ton.

Mr. Moulton said not really, but, if they looked at the price it was basically the same; they were better off with a larger vehicle.

**6:45 PM**

Mr. Dunkelberger said that the bottom line, if he understood it is, what he was proposing was to extend the replacement of the International for two additional years and clarified it would hold up that long.

Mr. Moulton said yes; that there were basically two options and he wasn't saying either way, he was looking for some direction because if they pointed him in the direction of new, then he would have to go out to bid, get them in place, etc., to have the truck before winter.

Mr. Dunkelberger asked, with regard to the used gas trucks, how long Mr. Moulton would expect those to last.

Mr. Moulton discussed pick-up use in this Town on a yearly basis, based on what they have been doing: they have been putting 25,000 – 30,000 miles a year on them and everything the Town currently had had over 100,000 miles, they were bought brand new and they were diesel. Regarding the Dodge they were looking to replace, he said the motor was pristine but it was the rest of it that was gone. He added that, gas-wise, he didn't know; that that was a tough call as it depended on how well it was taken care of before and that was the unknown. Mr. Moulton said that in a lot of the places he has researched they went to AutoOptions and that was where they received their vehicles; they did the CarFax so one would know of any damage that occurred to them but they didn't know of any issues that may have occurred with the motor. He said that the diesel was more efficient and had more power; there were pros and cons with it. Mr. Moulton said that it was either a lump sum out of the account or they looked to do the lease/purchase and, as he stated, there was a minimum that had to be met every year, adding that his rough calculations said that, if he extended the replacement of the '91 out two years, then he could still do everything he needed to do. He said that that \$30,000 wasn't just for that truck but was a little extra for something else so when they bought something they didn't drain it to zero, so, it would leave a little something in the account – enough to cover plus a little bit. He said that this was just an estimate and there may be better interest rates on things if he went out to bid on the new, adding that this was a guide; that it wouldn't get any worse than this and it could be better.

**SPECIAL BOARD OF SELECTMEN'S MEETING**  
**AUGUST 16, 2012 5:30PM (continued)**

Mr. Beckert moved, second by Mr. Hirst, to authorize the Public Works Director to move forward with seeking three bid proposals on a 1-ton diesel truck with lease/purchase option.

Discussion:

Mr. Moynahan said that he just wanted to point out that the interest would be over \$7,000 over the course of a 5-year lease. He added that when they reviewed this the next time, they were reviewing potential options, and would not be making any decisions on either lease or purchase, just giving direction to the department head to solicit quotes for review.

**VOTE**

**4-0**

**Chair concurs**

Mr. Moynahan requested that Mr. Moulton get some hard numbers on those and bring it back to the Board.

**6:48 PM** Mr. Blanchette said that he had an appointment paper.

Mr. Moynahan said that this was an appointment paper for Ben Brickett to be reappointed as a member of the Eliot Energy Commission.

Mr. Beckert moved, second by Mr. Murphy, that the Board of Selectmen appoint Ben Brickett of 208 Pleasant Street to the Eliot Energy Commission.

**VOTE**

**4-0**

**Chair concurs**

**6:50 PM** Mr. Dupuis said that at last night's SC meeting they decided to have a workshop session, to be held on September 5. He added that they would like to start with their regular SC meeting at 4:15 PM and, then at 5:00 PM, invite the Selectmen, the BC, and the EBDC to come in to discuss further details about the sewer extension project, the TIF. He added that they would like to request that Underwood Engineering be present to answer technical questions.

Mr. Moynahan asked if that would be part of their contract.

Mr. Dupuis said yes. He added that if the Selectmen, themselves, wanted to run the meeting, then that would be fine; that they just wanted to start a workshop study and get things on a positive note.

Mr. Moynahan asked if he was looking for the whole Board or a couple of members. He added that, actually, several were on the SC already, so they would be there anyway.

Mr. Dunkelberger asked if this was part of their proposal to form the ad-hoc committee.

Mr. Moynahan said that he and Mr. Blanchette touched on that already; that there were a couple of responses already.

Mr. Dunkelberger said that he thought they still needed to get a couple of Selectmen, too.

Mr. Moynahan said that this was separate, too, that it was to attack this in one manner and try to give direction.

Mr. Dupuis said that the BC has set forth a series of questions that they would like answered, adding that some of them were technical that Underwood Engineering would have to answer. He added that some of them were financial matters that either Mr. Donhauser or...there may be some legalities in the questions that a legal representative would have to answer.

**SPECIAL BOARD OF SELECTMEN'S MEETING  
AUGUST 16, 2012 5:30PM (continued)**

Mr. Moynahan said that he thought one of those correspondences was going to be on their (BOS) agenda next week for discussion so, hopefully, they would have some clarity for the SC then. He said that on September 5<sup>th</sup> he guessed the question was whether they wanted to have an additional Selectmen's meeting and run that.

**6:53 PM** Mr. Beckert said that he thought it would be an advantage for at least this first go-around for all five Selectmen to be there. He added that he didn't think it mattered who ran the meeting and thought Mr. Dupuis was quite capable of running it as SC Chair.

Mr. Dupuis said that he just wanted to make sure he wasn't overstepping any boundaries.

It was agreed that, with all the Selectmen there, they would announce it as a meeting of the BOS.

**6:54 PM** Mr. Hirst suggested that they specifically invite Mr. Donhauser to attend, if he could. He added that there were some questions that were financial in nature.

Mr. Moynahan reiterated that he thought some of those questions would be discussed Thursday and they, at that point, would be able to determine what and how some of those could be answered. He added that some of those should probably be answered prior to, if they chose to have them answered, or at least offer guidance to where they might be able to get answers to some of those questions. He said that he thought they would bring that up as part of that letter on the meeting and see how they wanted to approach that.

Mr. Dupuis said that he would like to reserve the Selectmen's chambers for the meeting, adding that maybe they should consider a second location if they got a good input from the public.

Mr. Moynahan said that they would look at that on Monday when they set up the agenda.

**6:55 PM  
#3**

TO : Board of Selectmen  
FROM :  
REF : Executive Session as allowed by M.R.S.A. § 405.6.E "Consultations between a body or agency and its' attorney..."

Mr. Beckert moved, second by Mr. Hirst, that the Board of Selectmen enter into executive session as allowed by 1 M.R.S.A. § 405.6.E "Consultations between a body or agency and its' attorney..."

**VOTE  
4-0  
Chair concurs**

**7:24 PM** Out of Executive session

**Old Business (Action List):**

**\_\_\_ PM** This was not discussed tonight.

1. Sewer Contract Committee – Mr. Moynahan, Mr. Murphy, Mr. Marchese, Mr. Moulton and Mr. Blanchette – IMA Update
2. Monthly Reports from Department Heads
3. Sewer User Rates, reserved allotments, odor, maintenance– Sewer Committee
4. Police Union Contract – Mr. Moynahan, Mr. Dunkelberger, Mr. Blanchette, & Chief Short

**SPECIAL BOARD OF SELECTMEN'S MEETING  
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5. Community Service Space – Mr. Dunkelberger, Mr. Hirst, & Mr. Blanchette
6. Auditor – Management Letter
7. Budget Preparation for next year – time line, etc.
8. Regionalization of Town Services – Mr. Moynahan, Mr. Hirst
9. Legal issues – pending and Consent Agreements
10. Information Technology – IT Committee
11. Amend Ordinance Governing Boards, Committees, & Commissions, Time lines for posting Agendas and Minutes
12. Liaisons to committees – review existing members & try to fill open spots
13. Employees – Cross-training, Charting earned times, job descriptions
14. Dispatch Service – Contract with Kittery, request from same, costs
15. TIFD reports and updates – Mr. Blanchette
16. Review Sewer Rates
17. Monthly Special Meetings for Action List

**Selectmen's Report:**

There were no Selectmen's reports tonight.

**Other Business as Needed**

There was no other business tonight.

**Adjourn**

There was a motion and second to adjourn the meeting at 7:25 PM.

**VOTE**

**4-0**

**Chair concurs**

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**DATE**

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