

Town of Eliot
Budget Committee Meeting
Wednesday, May 11, 2022 at 5:00 PM
at Town Hall and via Zoom (hybrid meeting)

1. Call to order
2. Public Comment
3. Approval of Minutes, April 13, 2022.
4. Town mailing, Budget Committee Letter to Citizens of Eliot
5. Budget Committee member reports/comments.
6. Adjournment.

Public comments will be taken after each item after conclusion of discussion by the Committee. Please wait to be recognized before speaking.

Eliot Budget Committee

In-Person with Remote Option

May 11th, 2022 @ 5:00PM

In-Person Meeting with Remote Option

Watch Meeting @ Town Hall Streams https://townhallstreams.com/towns/elliott_maine

Public Meeting Participation – Email

Send email inquiries / comments in advance or during the meeting to Donna Murphy, Chair of the Budget Committee at dmurphy@eliottme.org

Call 1-646-558-8656 *charges may apply depending on service provider

- **Enter Meeting Number: 891 0222 7652 followed by #**
- **Enter Meeting Code: 336268 followed by #**
- **You will now be connected by voice only to the meeting**
- **Or if you would like to enter the meeting by video and audio, go to Zoom.Com, Click on JOIN A MEETING, enter above meeting number and password. You will remain muted until called upon, if you want to speak, raise hand.**
- **If you are a call in and want to speak, dial *9 on your phone.**

Communication / Participation Process

Once you are accepted into the meeting by the host you will be muted until the Chairman of the Committee, and any Official Meeting Participants have ended their discussion on each agenda item. At this time, you along with any other call-in participants will be unmuted one by one in the order that you joined the meeting, asked to identify yourself and allowed the opportunity to ask questions or make comment. Once each caller has made comment / inquiry they will be muted again and the next caller will be opened for comment and so on. We do ask that you disconnect the call if you have no further comment. Any new callers or callers who still remain after each agenda item will again be called upon in the order the call was received. Thank you in advance for your patience and understanding, this is our first meeting of this type and we will do our very best to accommodate everyone's right to participate.

**Addendum to Budget Committee Report
Fiscal Year 2022-2023 Operating Budget
Eliot, ME**

Dear Voter:

Attached to this Addendum you will find our review and recommendations concerning the Fiscal Year 2022-2023 budget for the Town. We are writing this to inform the voters of certain situations surrounding this review that we feel you should be made aware.

The Town hired Michael Sullivan as Town Manager on November 1, 2021. We were provided the budget for FY 2022-2023 as scheduled, near the end of December 2021. However, the task of reviewing the budget, seeking answers to our questions about the budget, and preparing our recommendations concerning the budget became difficult from that point forward.

Historically the Select Board and the Budget Committee were given an opportunity to meet with the Town Manager and Department Heads to openly discuss their individual budgets. We felt this process was most productive and allowed us an opportunity to get answers to most questions we had on individual budgets. This process was stopped by the Town Manager this year, and, instead we were told that all budget questions would be sent directly to him and would be answered by him. The Town Manager also chose to not meet with the Budget Committee to discuss our questions, instead chose to respond in writing, and, in one instance, posted his responses on the Town web site instead of sending them directly to the Budget Committee. In addition, while the Town Charter provides for a Union Negotiation Committee, which includes representation from the Budget Committee and the Select Board, the Town Manager opted to have final contract with the Police Department union negotiated without input from this committee.

The Budget Committee feels that the process this year was fractured and that our ability to analyze budget items was made difficult because information was withheld or vague responses were given. In a few cases, we had to trust our overall knowledge of the Town's fiscal history to render what we considered prudent recommendations.

The Budget Committee's responsibility is to provide informed recommendations concerning the proposed budget. There were two areas of this budget where we could not give such an appraisal since detail behind these budget requests was withheld. They are the Paving budget under Capital Improvements and the Wage & Training Reserve funding, which combined, amounted to \$1,690,000 in the proposed budget. We have recommended a reduction to these requests, and our rationale is discussed in the attached report.

The attached report goes into detail behind our proposed adjustments to the budget presented by the Town Manager.

Report from the Eliot Budget Committee
March 28, 2022

The seven-member Budget Committee received the Town Manager's operating budget for fiscal year ending June 30, 2023 on December 27, 2021. The Committee reviewed each departmental budget with its supporting documents from January through late March 2022. The Town Manager's initial proposed budget called for an increase in the Town's net taxes of approximately \$565,406, which was approximately \$184,594 under what LD1 would allow. The Town Manager calculated the allowable LD1 increase in net taxes to be \$750,000.

The Budget Committee is charged, in the Town Charter, with independently reviewing and assessing the proposed budget and communicating its recommendations directly to the legislative body, the voters. Voters should bear in mind that the Budget Committee does not simply review the Town Manager's budget with LD1 as its singular focus. Departmental budgets are reviewed item by item, and Committee members discuss the relative merit of those items individually. Budget items that seem high, are of questionable value to taxpayers, or may be calculated or budgeted in error are recorded for discussion with the Town Manager before a final budget is recommended by the Committee. This report details items that were questioned by the Committee during its review.

Article #4: Estimated Non-Tax Revenues:

The Town Manager removed a previous assessment to TIF fund for a portion administrative staff time they spend on TIF matters during the course of their duties. This has been assessed for the past several years and there was no objective documentation given to discontinue this practice this year. Staff does spend time on TIF matters during the year, especially in the Assessor's and the Planner's offices, and it is only equitable to taxpayers that the TIF support part of the wages and benefits of Town staff. Hence the Committee calculated an amount to assess based on the prior budget year's calculation, and has recommended that \$73,590 be assessed the TIF.

The Committee recommends \$4,939,204 for this Article.

Article #5: Administration:

The aforementioned TIF assessment results in a decrease in Administration wages of \$73,590.

The Town Manager presented a budget that included significant increases in Travel & Training, Advertising and Software Licensing without detailed monetary justification of budgeted increases. The Town Manager was asked to provide some semblance of a plan with costs associated with cross-training staff, and was asked to provide costs associated with current or planned software licenses; however, the Town Manager did not provide any detail of the amounts budgeted for any of those items. His total budget for these items is \$64,450, and represents an increase of \$38,975. The Committee initially recommended lowering the requested budget because more information was withheld, but ultimately agreed to provide the Town Manager funds he believes will accomplish his goal, and review this again next year. Based on data we did have, we determined that the budget should be reduced by \$3,675.

In addition, the Town Manager informed the Committee after we had agreed upon a budget for software and licensing that the Town's IT partner was suggesting the Town move to an enhanced security system for Cloud storage and security, at an additional cost of \$6,600. The Committee members had difficulty accepting this new

development, especially since no documentation or support for this was provided. After a lengthy discussion the Committee approved this line item, 5 – 2.

The Town Manager informed us that he wants to manage Workers Compensation out of his office, and we support that philosophy. However, he budgeted the entire cost of the Workers Compensation insurance under Administration, and we do not agree with that accounting. This cost should be budgeted in applicable departments to know the true cost of their operations. Therefore, we estimated the cost by department based on historical costs, and determined that a reduction of Workers Compensation for Administration should be \$61,910. This amount will be show as increases in other departments later on in this memorandum.

The Committee recommends a budget of \$1,406,464 for this Article.

Article #6: Hearings and Elections: The Committee supports the Town Manager budget of \$28,245.

Article #7: Fire Department: The Workers Compensation allocation to the Fire Department amounts to \$6,700.

The Committee recommends a budget of \$230,056 for this Article.

Article #8: Police Department: The Workers Compensation allocation to the Police Department amounts to \$17,775.

The Committee recommends a budget of \$1,371,356 for this Article.

Article #9: Public Safety: The Workers Compensation allocation to Public Safety amounts to \$1,095. In addition, the budget for Streetlights was considered unnecessary by the Committee since they are LED's and they are practically new. We expect little or no maintenance issues in this budget.

The Committee recommends a budget of \$299,699 for this Article.

Article #10: Public Works Department: The Workers Compensation allocation to Public Works amounts to \$20,395. The Committee questioned a new line item, Computer Repairs & Maintenance, and was told by the Town Manager that this cost had been included under supplies in previous budgets; however, we did not find a comparable reduction in the supplies budgets. A reduction of supplies budgets of \$3,600 is recommended.

The Committee recommends a budget of \$939,792.

Article #11: Snow Removal/Winter Roads: The Workers Compensation allocation to Snow Removal amounts to \$6,515.

The Committee recommends a budget of \$219,548 for this Article.

Article #12: Summer Maintenance: The Committee supports the Town Manager budget of \$57,296 for this Article.

Article #13: Roads and Bridges: The Committee supports the Town Manager budget of \$2,000.

Article #14: Solid Waste Transfer Station: The Workers Compensation allocation to Transfer Station amounts to \$2,855.

The Budget Committee recommends a budget of \$272,423 for this Article.

Article #15: Stormwater Management Plan: The Committee supports the Town Manager budget of \$135,000.

Article #16: Community Services Department: The Workers Compensation allocation to Community Services amounts to \$6,575. The Committee questioned a new budget item, Gasoline, and was informed this was the cost of MSAD 35 busses for transporting groups of people to events sponsored by the department. This has never been budgeted here, as this is a general overhead item. We asked for confirmation with a proposal from MSAD 35, but did not receive any. Transportation costs should be included in program expenses supported by those who participate in the events. We recommend a reduction of \$10,000 in this budget.

The Committee recommends a budget of \$439,348 for this Article.

Article #17: General Assistance: The Committee supports the Town Manager budget of \$20,000.

Article #18: Capital Improvements: The Committee was very disappointed to learn that work from prior years to develop a plan for acquisition and replacement of assets was ignored. Replacement of certain assets were being funded over a few years and maintenance projects at Town parks were in prior budgets for this Article, but none were included in this budget. The Committee feels these projects should be included in this budget, and we have proposed an increase of \$31,000 for Community Services Department parks maintenance, and an increase of \$75,000 to DPW Reserves for replacement of plow trucks and pickup trucks with plows.

The Town Manager has \$1,000,000 for paving projects in this budget. The Committee requested a list of projects being considered in this budget, but was told that this will be revealed at a later date. The Town has had, for several years, a plan where \$500,000 each year would be sufficient to maintain Town roads, and that plan was certified by engineers. The Committee cannot support the requested budget for paving Town roads because it has not been given justification for the amount, and recommends that \$500,000 be removed from the Town Manager's budget.

The Committee recommends a budget of \$945,700 for this Article.

Article #19: Reserve Accounts: Included in the Town Manager budget was a request for \$190,421 to increase the Wage Reserve account, presumably to fund back pay from wage increases due Public Works employees when contracts are finalized. The Town Manager's response to our inquiry for detail behind this amount was vague and it intimated that it would essentially be at his disposal. The Committee recommends a reduction of \$140,421 for this request since no support for it was given.

The Committee recommends a budget of \$80,944 for this Article.

Article #20: Town Committees: The Bicentennial Committee was included in this budget, and, actually, should be disbanded. Monies in the budget for that committee have been removed.

The Budget Committee recommends a budget of \$35,420 for this Article.

Article #21: William Fogg Library:

Over the past four years combined votes for the lowest recommended budget amount and the “None of the Above” option have exceeded votes for the higher amount. “None of the Above” is a choice to revert to the prior year funding instead of other amounts on the ballot.

The Budget Committee has repeatedly asked to enjoin the Fogg Library Director and certain Town representatives in discussions concerning an annual funding agreement, but to date has received no support to move forward. This year the Budget Committee is recommending the voters who cannot support the library request that they check the “None of the Above” option on the ballot. For this to be effective, voters who agree with this should not check the Budget Committee recommendation of \$241,434, but should instead check the “None of the Above” option so we can get a clearer indication of voter preference.

Article #22: Social Service Agencies: The Committee supports the Town Manager budget of \$11,600.

Article #23: Fixed Assessments: The budget for TIF assessment for administrative salaries and benefits is \$73,590. This budget includes \$1,304,000 for debt service related to the 236 Sewer and Water project, and is being paid from the TIF fund. This is not taxpayer funded.

The Committee recommends a budget of \$1,514,641.

Article #24: Debt Service: The Committee supports the Town Manager budget of \$115,270.

Summary: The Budget Committee’s recommended budget for the Articles listed above result in a municipal net tax need of \$3,427,032, which is a decrease of \$66,346 from last year. Municipal net tax is simply defined as the Town’s total budgeted operating expenses less budgeted non-tax revenues. If all other variables used in calculating our final tax rate for 2021 were held constant, then this net tax need for 2022 will likely result in a decrease in the municipal tax mil rate. Citizens are cautioned that this result is only an estimate based on the municipal portion of the tax rate, and does not include school or county taxes. Increases in the Town’s property assessments would reduce the tax rate, while any increases in York County Taxes and MSAD 35’s education assessment will increase the rate. The final property tax mil rate is recommended by the Town Manager and approved by the Select Board.

The Budget Committee thanks taxpayers for their support over the years, which is evidenced by voting results on budgets each year. The Committee also wants taxpayers to be aware that through the efforts of Department Heads, the former Town Manager, the Select Board and the Budget Committee our municipal tax rate has remained stable for the last four years.

Donna Murphy (Chair), Denny Lentz (Vice-Chair), Brad Hughes (Secretary), Ed Strong, Diane Holt, Jean Hardy, and Reggie Fowler

April 30, 2022

To: Select Board of Eliot Maine

On April 13, 2022, the Budget Committee voted unanimously to send a letter and budget recommendation to the citizens of Eliot in an independent mailing. The Budget Committee intends to access the funds appropriated to the Committee through a vote of the Town in June of 2021.

On April 28, 2022, the Select Board voted to override this vote and determined that the mailing would be done jointly. The Select Board also voted to allow the Town Manager and Chair of the Select Board to edit the letter without any consultation or approval from the Budget Committee. The Budget Committee maintains that these actions are in violation of the Charter, which overrules policy, and that the Select Board and Town Manager lack the authority to override a vote of the Budget Committee and to edit the letter approved by the Committee. I am making a formal request that a legal opinion be sought forthwith.

Section 6.3 Budget Committee

There shall be a Budget Committee consisting of (7) seven members **elected** for staggered three (3) year terms. The Budget Committee shall have the responsibility of reviewing and evaluating the Town Budget. The Committee shall function as a sub-committee of, and report back to, the legislative body. **The Budget Committee shall act independently from the Select Board and the Town Manager.** The Budget Committee shall, by a majority vote of the committee members present and voting, make recommendations regarding and included in each warrant article having a financial impact whether at the Annual Meeting or at a Special Town Meeting.

Section 4.9 Specially Classified Positions

The following persons and positions shall be exempt from the Personnel Policy, except where the Policy specifically addresses that person or position. There shall be no exemption pertaining to equal opportunity and other non-discrimination provisions of the Personnel Policy for any person or position.

- A. Elected officials, including all persons chosen by popular election or appointed to fill and elective office, shall be exempt.
- B. Members of Boards, Committees and Commissions appointed by the Select Board, where standing or ad hoc shall be exempt.

We do not believe it is productive to continue this combative environment amongst the parties involved, and we believe we must reach an accord to settle our differences. The Budget Committee remains willing to meet on this matter in an agreeable forum.

Thank you,

Donna Murphy, Chair, Denny Lentz, Vice-chair, Brad Hughes, Secretary, Ed Strong, Diane Holt, Jean Hardy, Reggie Fowler

CC: Town Manager
Town Clerk

MEMORANDUM

May 2, 2022

To: Ms. Murphy, Chairperson, Eliot Budget committee

From: Richard Donhauser, Chairman, Eliot Select Board

Cc: Michael Sullivan, Eliot Town Manager; William Widi, Lauren Dow & Robert McPherson, Select Board Members

As the Select Board and Budget committee collectively continues to work in the best interest of the citizens of Eliot, it is my intent to insure a timely response to your concerns.

This correspondence provides a response to your emailed document dated April 30, 2022 directed to the Select Board of Eliot Maine. (Copy attached, line numbers added for reference).

Line 7 states "... to the citizens of Eliot in an independent mailing." Please be advised that:

1. The Budget committee should not attempt to dictate, to the Select Board, a policy regarding dissemination of documents to the public via a Town wide mailing.
2. A policy decision regarding a Town wide mailing of any documents containing information required to be received by the Citizens of Eliot clearly rests with the Select Board.
3. Further, the Select Board considers the cost for mailing correspondence to the Citizens of Eliot by separate mailings, to be unnecessary and wasteful, when similar documents regarding the same topic, matter, and/or issue is addressed.

Line 12 states ..." without any consultation or approval from the Budget Committee".

1. This statement and/or interpretation of the Select Board's motion regarding editing the letter is not correct.'
2. There was no requirement that the Town Manager and/or the Chairman of the Select Board edit the Budget committee letter without consultation or approval from the Budget committee.

Line 15 requests “a legal opinion be sought forthwith.”

1. As chairperson of the Budget Committee, you should realize the cost to obtain legal opinions prior to the occurrence of an action is unnecessary, expensive and without merit.
2. What would be the specific legal question(s) to be resolved by the attorney?
3. Whose budget line-item would be charged for the legal opinion?

Lines 27 through 37

1. Please explain what you are talking about or in what context you are referring to in these lines.
2. How does exemption to the Personnel Policy have any relevance to this topic?
3. I apologize in advance for my lack of understanding if, in fact, lines 27 thru 37 are relevant.

Line 41 states – “... agreeable forum”

1. In your mind or those of the Budget committee members, what is an “agreeable forum”?
2. Is a “public” Select Board meeting not an “agreeable forum”?
3. Who is to be the moderator of this “agreeable forum”?

Line 39 states – “... combative environment amongst the parties involved, ...”:

1. I am concerned, as well as all other members of the Select Board regarding your statement about a “combative environment”.
2. Given the nature of any forward-looking budget process we should recognize that different opinions will exist.
3. It is my belief that every individual whether a member of the Budget committee or the Select Board is attempting to make the best decisions possible for the Citizens of our community.
4. Decisions being made now collectively or non-collectively will certainly affect the next fiscal year, but also future years to come.
5. It may be necessary to “Agree” to “Not Agree” on certain matters.
6. Personal confrontations and/or criticism of individuals serve no purpose and only feed into what you refer to as a “combative environment”.
7. As chair persons of our respective Board/committee it is imperative to make every attempt to mitigate, if not eliminate, a “combative environment”.

I feel that is important to inform you that the Select Board members were disappointed that you as Chairperson of the Budget committee, or a representative of the Budget committee, did not attend the April 28th Select Board meeting, either in person or via zoom, to answer questions or field comments regarding the Budget committee letter. In addition, there was the expectation that subsequent to the invitation by the Town Manager, that you or a representative would have attended the April 28th Select Board meeting.

In addition to the aforementioned comments I offer below my observations, and/or perhaps suggestions that might be considered upon final review of the correspondence referenced as Addendum to Budget Committee Report and Report from the Eliot Budget Committee – March 28, 2022.

1. The purpose of the letter **should be** to explain the differences/changes to the Town department's/Town Manager's budget requests versus the Budget committee recommendations in a purely factual manner.
2. The purpose **should not be** used as a forum to complain about the process followed, which clearly complies with the Town Charter.

For example, the letter states:

“Historically the Select Board and the Budget Committee were given an opportunity to meet with the Town Manager and Department Heads to openly discuss their individual budgets.”

Nowhere in the Charter is there a provision or authorization for direct access by the Budget committee to question Town Department Managers. Though “historically” access was granted by the former Town Manager in the past.

3. The letter states: “The Budget Committee feels that the process this year was fractured and that our ability to analyze budget items was made difficult because information was withheld or vague responses were given. In a few cases, we had to trust our overall knowledge of the Town’s fiscal history to render what we considered prudent recommendations”.
 - a. What specific information was withheld and by whom?
 - b. Please provide specifics regarding all vague responses given and by whom?
 - c. What specific “**overall knowledge**” of the “Town’s fiscal history” was brought to bear to render “considered prudent recommendations”?
 - d. What and how was “fiscal history” information used in determining the Budget committee’s recommendation for each budget Article(s) where this method was employed?

4. The letter states: “The Budget Committee’s responsibility is to provide informed recommendations concerning the proposed budget”.
 - a. This is a correct interpretation of the Charter.
 - b. And a relevant statement and the type of comment to include in this letter.

5. The Letter goes on to state: “The attached report goes into detail behind our proposed adjustments to the budget presented by the Town Manager”
 - a. The comments are difficult to understand, very disjointed and will only serve to obfuscate an already confusing conversation.
 - b. The Town Manager’s budget requested amount, in numerous cases, is not stated leaving the reader to do mathematical exercises to determine what the original request is.
 - c. “Total Article - budget changes” are intermingled with “Line-item - budget changes” within Articles, making understanding almost impossible.

6. The Attached report states Article 21 – William Fogg Library - “For this to be effective, voters who agree with this should not check the Budget Committee recommendation of \$241,434, but should instead check the “None of the Above” option so we can get a clearer indication of voter preference. “
 - a. “None of the Above” is not an option that will appear on the ballot.
 - b. Is the Budget committee recommending against it’s recommendation?
 - c. This statement should be omitted.