

**Town of Eliot
Budget Committee Meeting
January 18, 2023**

1. Call to Order

Chair Donna Murphy called the meeting to order at 5:00pm. All members were in attendance, in person: Donna Murphy, Jean Hardy, Reggie Fowler, Diane Holt, Gene Wypyski, and Jeff Leathe; and remotely: Diane Holt. Recording Secretary Ann Lukejord was in attendance.

2. Public Comment

Two Eliot residents were in attendance in person and two people were in attendance remotely. There was no public comment.

3. Approval of Minutes

The Committee reviewed the January 11, 2023, minutes. Donna moved and Jean seconded that the January 11, 2023, minutes be approved as amended. The motion passed by a roll call vote of 6-0.

4. Discussion on appointing a new member

Donna opened the discussion, stating that Gene had requested this item on the agenda and that Section 6.3 of the Charter explains the process for filling a vacancy on the Budget Committee. Gene said he wanted to discuss the wisdom of filling a vacancy at this time given the time it will take to do so. He noted that the Charter states that the Budget Committee may fill the position. He asked if the Committee would consider not filling the open position for this term. He said the process will take time away from the Budget Committee's budget process. He added that six people on the Committee were enough. Gene stated that he was also concerned that a seat on the Budget Committee is an elected position and not an appointed position. He asked, what would the voters want? He reiterated that the time the process would take would be detrimental to the Committee getting its budget review work done. Reggie said if the Committee can add an individual who knows the budget process, it would be valuable.

Donna said that the Charter gives the Committee the authority to appoint someone. She added that the process is underway as stated in the Charter with the Town Clerk posting the opening fourteen days. She added what if a Committee vote is 3-3, then where would the Committee be. Donna said the appointment is only until the next election in June 2023. She added that the Committee chose to open the search for a member with its vote last week.

Gene made a motion that the Committee revisit that decision and not fill the position for the duration of the term. No one seconded the motion and the motion failed.

Gene directed members to the employment policy, Section 4.6 in the Charter. He read the section aloud and requested the section be added to the record the following: "The Town of Eliot is an equal opportunity employer. It shall be the policy of the Town of Eliot to employ, assign and promote personnel, without regard to race, color, religious creed, national origin, gender, ancestry,

age, sexual orientation, physical or mental disability, military status or political or religious opinions or affiliations unless related to bona fide occupational qualifications.”

Gene said that given that this is a personnel decision or candidate decision, the Committee is subject to and should use executive sessions as all personnel decisions are made in executive session in the Town. Donna pointed to how the Select Board has been appointing members to Committees and that they were not in violation of any statute. She added that the Committee is not hiring anyone and that the Committee was following the same procedure as the Select Board: advertise the opening, ask for applications, provide the opportunity to address the Select Board, and a motion is made by a Select Board member to appoint the individual and the Select Board votes. Gene said the Town used executive session in their search for a new Town Manager and Donna answered that that was appropriate. Gene asked about the process for appointing someone to the open position. Donna explained the process.

5. Budget review (Debt, Fixed Assets, DPW, Police, Fire)

Donna updated the members on her efforts to contact the trustees of the William Fogg Library and said the trustees would be available to attend the Committee’s February 1 meeting. She reiterated that the Budget Committee’s purview in speaking with the trustees is for the trustees to present their budget and not to discuss personnel issues.

Discussion turned to the proposed budget. Donna said the Budget Committee cannot vote on Fixed Assessments in the way they are presented as the format does not follow the ordinance. Jean expressed concern that the Committee will not have enough time to review the data. Jeff said he understood the way the process will be but was concerned about time restraints and suggested the Committee might want to schedule more time in between meetings.

Donna said the biggest issue for her is that the Committee does not have a proposed budget that is in line with the ordinance and that they are not getting the salary information they requested. She added that the response she received about providing the Committee with salary and wages data was that they will get that data from W2s. She said she anticipated that the Committee may not get all the information they requested or what they request may be delayed.

Jeff spoke to the format in which the Committee received the budget from the Town Manager. He referred members to and read portions of Section 6.2 of the Charter. Jeff said his understanding in reading this section is that even though the proposed budget has not been presented to the Committee in its final referendum form, that does not preclude the Committee from its decision-making on the proposed budget. Donna said it actually does when it comes to the voter because the way the Town Manager has categorized and presented the proposed budget to the Committee does not match the referendum. She added that members have to vote by the referendum because members’ votes go on the ballot. For instance, she added, the Town Manager has the Library lumped in Fixed Assets, but the Committee cannot vote on the Library as a fixed asset as the ordinance states the Library needs to be separate. She said similar examples are in the Public Works category. Jeff suggested the Committee could vote on items as separate items. Donna said they could but that is how it should have been presented to them in the proposed budget. Jeff asked if the Committee had a listing of those items, Donna said yes and that they were the items presented to the Town Manager last week. Jeff said he was just trying to find them a way to move forward,

and Donna said she appreciated that. Donna pointed out and re-read what items should be listed under Public Safety and were not, which items should be under Public Works. Jeff said the Committee should send the listing to the Town Manager to show him how the Committee wants the information. Donna said yes and that the listing of the categories is in the ordinance.

Jean expressed concern in the length of time it will take to get information from the Town Manager. Jeff said the way he sees the process working such that the Committee will request on a Wednesday and the Town Manager will get back to them on the following Tuesday or Wednesday. He added that since the Committee cannot expect work on the weekends, there will be time constraints that they should anticipate.

Mr. Widi pointed out the timeline in which the Town Manager responded to the Committee's questions. Given that Fridays Town Hall was closed, and Monday was a national holiday and Town Hall was closed, Mr. Widi said that the response time was understandable. Donna said no one was complaining and understood that the Town Manager's response was within the five business days required. Jean said she made a comment that was not the best but that it was frustrating that they are not receiving data in the assigned categories, the Town Manager has changed the format, with items being lumped together. She added that the ordinance clearly states what the categories are. Jean added that the Budget Committee makes recommendations to the voters and asked how can they make recommendations if they do not have all the information.

Mr. Widi said the auditors directed the Town Manager to break items out as he had. Mr. Widi said the Budget Committee will still be able to make recommendations and that they should just ask the Town Manager to split the numbers out as they would like them to be. Donna said the Committee has already asked for that. Mr. Widi responded that that was the Town Clerk's job. Donna pointed said this was the first year the budget was not presented in the manner by which the Committee needs to vote on it. Jean said that the Budget Committee did respectfully request that the format be followed and for information from the Town Manager.

Mr. Widi said that if the Committee asks the Town Manager, he knows the Town Manager will provide the information in the manner in which it will be voted on. Mr. Widi will re-read the Committee's questions.

Diane said that they were just going around in circles and that Jeff had a good idea in asking for numbers to be broken out and that the Committee needs to proceed one way or the other as they need to get the work done. Donna said she will spend the week breaking out the numbers on her own, moving the Police under one, Fire under one, getting the Library separate under the ordinance, and that is what the Committee will vote on to put on the ballot. Reggie asked if the structure of last year's budget was still viable to fit into the ordinance. Donna said yes if it's broken into categories. Reggie added that the Town Manager is then familiar with the format.

Jean said a letter was sent to the Town Manager on January 11, 2023, requesting specific information. She read out loud the nine requests for information from the Town Manager to the Budget Committee. Donna directed members to the email she had sent to them earlier in the day with the Town Manager's responses.

Members looked at the Town Manager's responses after Jeff made printed copies for everyone. Donna read aloud the Town Manager's responses to each of the nine questions as follows:

Request #1, The Budget Committee requested that the Town Manager provide a budget complies with the Town of Eliot Referendum Town Meeting Ordinance. The Town Manager responded via email: "I fully realize change is difficult, but sometimes necessary. I feel in the case of the budget document change was vital, I had presented the form to the Budget Committee on November 9, 2022 and prior to that to the Select Board. On November 9th there was no concerns expressed or the weeks that followed from the Budget Committee. A great deal of work went into creating a more usable document. Neither the Charter (6.2), not the Town of Eliot Ordinances (2-76) suggest or require the budget form must be in the "referendum" form. They are two distinct documents with their own important purpose. Any measures taken on the budget will be reflected in the ballot a(s) prescribed. There is not material difference in the budget format in respect to the duties assigned the Charter or the Ordinances."

Donna said that the Committee had just discussed this. Jeff suggested the re-categorization gets done.

Request #2, Please provide a Master Wage and Benefit Worksheet that includes all the information provided in previous budgets. "As previously stated, we will supply all pay rates for FY 23 and compensation for calendar year 2022 as reflected on each employee W2 by February, as the end of tax filings are completed. We will also provide a total cost of each employee. The data will be broken out into compensation, benefits and a total for each employee."

Donna said the Master Wage and Benefit Worksheet had always been provided when the Committee received the budget prior to Christmas. Jeff said the best way to handle these costs is with a salary spreadsheet and the W2 forms are not needed. Reggie said a W2 cannot be created without having that information. Donna said the Town voted on this last year and the Committee needs to look at the increase from last year. Jeff said what someone was voted to be paid and what they were actually paid can wait. Donna said questions will arise concerning pay increases and the Committee can request justification for that. Jeff said the Town Manager must have that document and Reggie and Donna agreed.

Request #3, When was the Assistant Town Manager position created? "The Assistant Town Manager is an organizational adjustment and has no effect on the FY 23 or FY 24 budget or the individual's compensation. Centralizing administrative authority when the Town Manager is not available is a best practice." Is it currently filled? "Melissa Albert serves as the Assistant Town Administrator."

Donna pointed out on page 3 of 30 the position listed as Assistant Town Manager and not Assistant Town Administrator. She questioned who were the two new Town employees. Jean asked what the difference is between Assistant Town Manager and Assistant Town Administrator, and how these positions are created. Donna explained that in the past, positions go into the budget, then the Select Board votes, the Budget Committee votes, and the Town votes. Jean wondered if Melissa

was doing double duty, and Donna asked if Melissa had accepted additional duties without compensation. Reggie commented that positions cannot be made up. Donna responded, saying that this position is in the Town Manager's absence and that he could do that if there's no financial implementation, otherwise the voters would need to approve it.

Request #4, Please provide detailed expenditures for each department as in previous budgets. "The same information has been provided, again the form is the responsibility of the Town Manager and the Select Board. In addition, we have supplied you with every expenditure the Town of Eliot has processed from July 1, 2023 to December 31, 2023 in the monthly report."

Donna noted that the Town Manager means 2022 in the dates. She added that the Committee is looking for the details as to how the Town Manager came to his numbers. Jeff asked if they could get details on every line item, or can information be more specific. Donna said the true cost of running each department has been removed. Jeff said that the Administrative budget is a little less than last year, possibly due to the cost of health care. Donna added that items have been moved around. Two Eliot residents were in attendance in person and two people were in attendance remotely.

Discussion turned to what happens to funds allocated but not used. As an example, Reggie said \$70,000 was set aside for snowplows and truck maintenance but not needed. Jeff asked if those funds go into a reserve. Donna recalled funds being voted on and passed for a boat for the Town that was never purchased. Donna asked what happened to those funds and was informed that they went to "undesignated fund balance."

Diane said payroll is a complicated item with items split out or in one area. New staff could be a payroll system. She added that the Committee doesn't know where it was before.

Request #5, Please provide the bond schedule for the Sewer bond and the Town Hall bond. "The Sewer Extension Project Bond schedule will be available upon the closing on January 25, 2023, I will be happy to provide it to the Budget Committee once it is received. Are you looking for the existing Town Hall/LED Efficiency Bond or the estimate principal and interest for the Town Hall Improvement Project? I will attach the existing long-term debt and the bond advisors estimated schedule if the Town of Eliot approved \$4 million in borrowing for Town Hall Improvements."

Jeff said it would be good to have an updated schedule, showing the actual to this point this year. He pointed out that the last page of the estimated debt service is not by fiscal year. He would like to return to his original request for bond information for the new budget year. He added that it is probably part of the audit and may not be done yet. Donna clarified that Jeff wanted an updated schedule and Jeff said yes.

Request #6, Property Tax increased 4.3% over FY23 Budget. Please provide details of this proposed increase. (Residential, Commercial, Other?) "We cannot and should not estimate there will be 4.3% increase on property taxes for FY 24 over the present FY 23 budget. Without a mill rate it is clearly speculation and not a best practice. It is far too early in the

process. It is important to point out 60% of the General Fund operations does not come from taxation, but from revenues raised by the operation.”

Reggie questioned how the 4.3% was calculated, Gene thought it was the difference between the last two budgets. Reggie asked what “revenues raised by the operation” meant and said the “60% of the General Funds operations” was unclear.

Request #7, Excise Tax at \$531,000 through December 2022 seems to be running behind the \$1,500,000 budget. The \$1,500,000 budget is significantly higher than FY21 (+17%) and FY22 (18.3%). Please explain the detailed rationale for this increase. “However, it is the same estimate used for FY 23 with no increase. Given conversations with Town Clerk, industry trends in car prices (both new and used) and no slowdown of cars being registered. There are some timing issues with “Fleet” registrations which are normally in the first quarter of the calendar year and result in an uptick in revenues. We feel reasonably confident we will be at, over or very close to the revenue estimates for excise, but it is a revenue we have been keeping our eye on.”

Gene said that the Town Manager made a comment during the recent Select Board meeting that over forty cars costing over \$100,000 each were registered in the past twelve months.

Request #8, Please explain the \$330,000 increase in Revenue Sharing versus the FY23 budget. The predicted. “Revenue sharing has steadily increased and the expectation is it will continue in FY 24. The increase is based on trends, statements from the Governor’s Office and MMA, it has been reviewed with our Finance Director and auditor and all agreean15D017510015D0176

the money coming in for marijuana applications does not cover the expense for processing those applications. Mr. Widi said that he has brought this up to the Select Board and the Select Board has chosen not to take up any action. Jean said she was concerned that the Town did not have figures on the processing application and that that could be a lot of money. She asked if a letter from the Budget Committee to the Select Board to gather those numbers would be helpful. Donna asked who's tracking that money and Gene answered the state. Jean moved that the Budget Committee ask the Town Manager for the income from the marijuana applications and the expenses associated with those applications and licenses. Donna asked if that would be the job of the Select Board. Jean withdrew her motion.

Donna said that she will glean some of the numbers from the proposed budget for next week's meeting and will ask the Town Manager for the information requested.

6. Budget Committee member reports/comments

Diane said she will not be at the next Budget Committee meeting as she will be travelling.

Jeff shared as a point of information that the Planning Board (on which he sits) worked on fee increases and cost recovery so the Town can get paid back some costs. Gene asked about the process next week for appointing a temporary member. Donna said they would review applications and speak with those applicants who chose to come in and present themselves.

Jeff suggested that the Committee review the budget from the first item to last. Members agreed and Donna noted that the proposed budget review for the next meeting would be: Admin, Fire, Police, and Fixed Assessments.

7. Adjournment

Reggie moved and Jean seconded the meeting be adjourned, the motion passed by a roll call vote of 6-0. The meeting was adjourned at 6:55pm.

Respectfully submitted,

Donna Murphy, Chair

Date Approved: January 25, 2023

Jean Hardy, Secretary