

Town of Eliot
Budget Committee Meeting
January 11, 2023

1. Call to Order

Chair Donna Murphy called the meeting to order at 5:00pm. Members in attendance were (in person) Reggie Fowler, Jeff Leathe, Donna Murphy, Gene Wypyski, and (remotely) Jean Hardy and Diane Holt. The recording secretary, Ann Lukejord, was in attendance. There were a few members of the public in attendance remotely.

2. Public Comment

There was no public comment.

3. Approval of the Minutes

Members shared edits to the January 5, 2023, Minutes for correction. Donna motioned and Jean seconded that the January 5, 2023, Minutes be approved as amended. The motion passed in a roll-call vote 6-0.

4. Budget Committee member for labour negotiations team

With Ed Strong's resignation from the Budget Committee for personal reasons, there is an open seat on the Labour Negotiations Team. Donna opened the floor for nominations and discussion. Gene nominated himself and Jeff seconded the nomination. Jean nominated Reggie and Donna seconded the nomination. Donna closed the nominations. There was no discussion. Members voted by secret ballot. Reggie was appointed by a vote of 4-2. Donna moved and Reggie seconded that Reggie be appointed as the Budget Committee member for the Labour Negotiations Team. The motion passed with a roll call vote of 5-1.

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

Donna updated members about inviting the three Fogg Library trustees to the Budget Committee meeting as decided in the last meeting. She said that as the Fogg Library website was down where email addresses for Library trustees are posted. She did have an email address for one trustee, Crystal Kent, and invited her to the Committee's meeting and sent her a list of upcoming meetings. Donna had not received a response to the invitation and will continue to check on that. She said she did not know if the website was still down. Gene said the Library has a Facebook page. Donna explained that as a Town committee, communications must be sent by email so it is trackable if there are any FOAA requests.

Discussion turned to the Budget review. Donna said that the budget presented to the Committee does not follow the Town ordinance. She noted that the Fogg Library was listed incorrectly as a stand-alone item. Donna read aloud from the Eliot Code of Ordinances, Sec. 2-74. - Appropriation articles for referendum ballot. She said she brought two copies of the ordinance and can make copies of it for members and that it is available on the Town website. She read the following, adding comments as she read:

Sec. 2-74. - Appropriation articles for referendum ballot. At a minimum, each appropriation described in the following categories shall appear on the referendum ballot in a single article, by category, as applicable. First being, LD 1 Exceed/Raise Question; estimated revenues; administration with a subcategory of hearings and elections; the Fire Department; Police Department; Public Safety with individual listings for public health officer, fire hydrants, ambulance service, dispatching, harbormaster, animal control officer, and streetlights. Next is public works with subcategories of summer maintenance and roads and bridges. Next is snow removal, transfer station, federal storm water management plan, Community Service Department; general assistance; capital improvements with individual listings; reserve accounts with individual listings, the debt service, town standing committees with individual listings, outside agencies with individual listings, and lastly William Fogg Library.

Donna noted that she has not found three of the categories yet in the proposed budget. She did not find summer maintenance, capital improvements individual listings, or reserve account listings. She added that the William Fogg Library was put under Fixed Assessments. She said according to the ordinance, it doesn't fit. She also noted that the harbormaster and animal control officer were moved in a way that does not fit the ordinance. Reggie asked how do they proceed and Donna said we request a budget that falls in line with the ordinance.

Members reviewed the sections of the proposed budget, flipping through pages, looking through categories and listings as directed in the ordinance and commenting on categories. Donna asked for comments on what she read from the ordinance.

Gene said these are not appropriation items. Donna said correct. Gene said this is a different format, but we can still manage budget and decisions around those numbers. He added once those numbers are agreed to, they manifest themselves in referendum. Donna said the Committee needs those separated for the Committee to vote on those articles. Those numbers need to match. She pointed out, for instance, that Public Safety needs to include all the listings as directed by the ordinance. Gene asked if the Committee could add those numbers up to come to the amount on the proposed budget; Donna said it is not the Committee's job to do that, it is the job of the Town Manager to be presenting his budget to us, but it also has to conform with the ordinance.

Jean said the ordinance states that those numbers shall appear. She stressed the word shall, saying it is the overriding word and adding that the wording means it is not something that the Town Manager might do or may volunteer to do but must do. Jean asked how can we decipher a budget when we're given a budget by the Town Manager that does not align with the ordinance and make any sense out of it.

The Committee took a two-minute recess as there was a problem with the remote feed.

Jean referenced Section 4, Appropriations and said that as stated in the ordinance, each category shall have the required information. Items cannot be lumped one with something else. She added the Committee cannot move forward until it has a budget that complies with the ordinance. The

Budget Committee, the Select Board, and the residents of Eliot need a comprehensive budget that complies with the ordinance.

Reggie provided a visual illustration by holding up for members to see the DPW pages, page 22 of 30, comparing information the Committee received from this year's proposed budget with information received from last year's budget. Donna said page 21 is also part of the DPW information. Reggie added the page to his visual and said compared to last year, where the information was still not enough: last year had six pages of line items, some ten times as much information as this year's one and a half pages. He added that it was not easy last year to do their job with limited information and that he does not see how the Committee can do its job this year with even less information. He hoped this limited amount of information was not the new standard. He added it demonstrates no understanding or respect for the process of the budget. No matter who's on the Budget Committee, if we don't have information, we can't do our job.

Diane agreed, stating that the Committee needs information even if they merged the information. She reviewed in detail the DPW, Fire, Police, and said some items do not appear on the budget and she does not know where they are or if they are just not asking for those items. She asserted that the information has to be somewhere, even if it was merged with other items, and the Town Manager should be able to break it down for the Committee.

Donna said removing the benefits from each department underestimates the true cost for that department. She added that the Committee has worked for years to get a true cost for running each department and that that information has now been removed from the budget. She noted that there were significant increases in salaries, new positions added, and it is the Committee's job to assess that information.

The meeting was interrupted by a technology issue.

The members continued discussing data provided on salaries. Donna said the Committee used to receive complete information on Town employees which is public information. She said she will request the Master Wage and Benefits Worksheet from the Town Manager so the Committee will have complete information on salaries. Reggie showed the breakdown for each department from past years. Jean said last year was a watered-down version from the previous year. Reggie said what they had received is basically a summary. Diane said the limited information makes it difficult to see what is in the budget and what is not. She added that last year, the Committee said an item was missing (Jean could not remember specifically what item) and that when they pointed it out, the Town Manager put the item back in.

Donna directed members to page 3 of 30 on the proposed budget at the top where there is Administrative. She pointed out three positions: Town Administrator, Finance Director, and Assistant Town Manager. She did not know when that the Assistant Town Manager position was created or who the person was holding that position. No one had information about that position. Donna said she will ask the Town Manager when the position was created and who is filling it. Donna asked for any comments or questions.

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Jeff had a question about the format the Committee received and directed the Committee to page 15 of 30 as an example. He pointed out the headings, particularly the last one that reflected the final five months of actual spending in 2022. He said it was impossible to estimate from five months of spending what future spending for an entire year might be and suggested the comparison be between five months of 2022 actual spending to five months of 2021 actual spending. He said for tracking purposes, actual comparisons would be more helpful to know if the Town is ahead or behind. Donna said the Committee receives revenue and summary reports and will see if the Committee received them from last year. Jeff said there is no way to tie together five months of spending from last year with the proposed budget for this year. Members discussed comparing increases and decreases from year to year and asking for justification. Jeff spoke about tracking property taxes which probably follow closely year to year. Reggie said there is no context, no contrast. Jeff said we cannot track items like property tax as the Committee only receives data on what was spent. Jeff suggested adding a column on the report that would help to identify what is happening.

Diane suggested that the Committee ask the Town Manager for the Finance Director to meet with the Budget Committee to explain items. Diane added that it might be valuable to the Finance Director to see why the Committee asks for what they ask for. Donna asked how the question should be phrased. Diane suggested that the Committee ask that one of its members sit with the Finance Director and the Town Manager to go over the budget and the Committee's needs. Donna said as a first step to give the Town Manager the opportunity to provide a budget that complies with the ordinance and is the Committee jumping ahead by asking to sit down with the Finance Director and Town Manager.

Members discussed the value of having department heads come in to go over their budget with the Committee as it would be helpful to the Committee to understand why the department needs the proposed funds. Donna said she and all members need to be able to answer taxpayers as to why they voted for the proposed budget. Members were clear that these meetings were not to be argumentative but to supply information and advocate for their departments. Jeff agreed saying the atmosphere should be a collegial one, not an adversarial one and that the Committee needs more information. Reggie said the information they received is good information, but they need more. Diane said not last year but the previous two years they were in complete agreement with the Select Board, and it makes it much easier for town residents. Donna said she is also able to then provide residents with data that she can support and is confident in having done her job as a committee member. Jeff asked where does the Committee go from here. Donna asked what the members thought. She said the next step would be sending the questions to the Town Manager and as soon as possible get a budget that complies with the ordinance. Reggie asked about the time frame and how long will this take. Donna said she wondered if the Committee asking questions and looking for information is the same thing as asking for a Town budget that complies with the ordinance.

In response to Reggie's question on time frame, Donna quoted the Town Manager's responsibilities and the communication process from Article 6.5 of the Town Charter, reading: "The Town Manager

shall provide copies of supporting plan documents for the proposed budget as requested by the Budget Committee. The documents shall be submitted to the Budget Committee within five business days of the request. If a document is not available, a written explanation as to why it is not available shall be provided within said five business days.”

Donna also read Article 6.4 which states that the proposed budget and information as to what it involved be sent to the Budget Committee from the Town Manager no later than the first week of January. She added that the Town Manager submitted a budget, but it was not in compliance with the ordinance. She asked members how they think the Committee should act. Jean said that the Committee should send the budget back and send the Town Manager a letter in which the ordinance is cited. Donna said she will request a budget that complies with the ordinance. Jean asked if the Committee needs to make a motion to do so, and Donna said they did not as she is putting it forth as a question to the Town Manager. Jean stated she was concerned given the contentiousness of last year’s budget process. Donna said we need to give the Town Manager the chance to respond. Jean agreed.

Gene said the Committee should not let the format get in the way of productive discussion. He said the Town Manager’s letter speaks to what the changes are. He said he does not feel at a loss for the details that other members have come to expect and asked about the level of detail the Committee needs. Reggie answered, to the penny. Gene asked how can you predict to a penny something that’s going to happen in sixteen months, how can that even be a concern. Reggie said there is nothing wrong with the information the Committee received but it is not nearly enough for the Committee to make recommendations. Gene asked what did the members want, and Reggie answered at least what they had last year. Gene asked what did the Committee get last year that they don’t have this year.

Jean answered directing members to look at page 11 of the current budget proposals and then show Gene page 12 of the year before to see how the budget was outlined. Jean said it listed all of the items. Members were not clear on what Jean was referencing. They looked at pages 22 and 23. Jean said she wanted to show how the previous budget was outlined. She added that she hears what Gene is saying about getting underway in the Committee’s work but that they cannot do so without a more detailed budget. Reggie spoke to the difference in pages and data he had visually presented earlier in the meeting. Gene asked why that data is so critical for the Committee to make good decisions. Reggie said the Committee is unable to make decisions without numbers and without data. Donna shared how the process went well, two years ago, speaking to department heads. Jeff said the Committee should go back to what works. Reggie said they had previously received a breakdown of benefits and wages. Jeff said it would be valuable to know where and why these expenditures went up and what might be ahead in the future.

In response to Gene’s question about why detail is critical, Donna responded with an example from the last year, stating that the department head for the DPW had requested \$500,000 for paving and the Town Manager increased that to one million. Donna stated that it is the Budget Committee’s job to ask why that increase is needed, what would the added funds be used for. The Committee never received an answer. She said it is the Committee’s job to assess those changes and to trust and verify. Gene said he thought the Town Manager did a good job of explaining things in his narrative.

Reggie added that the Committee still needs the numbers. Gene asked what if the numbers do not exist. Several members responded that the numbers do exist. Gene said data is one thing but that the budget is prediction and forecast. Donna said the Committee should have the numbers, and Diane added that the Town Manager has those numbers. Jean said the Committee wants to get going on reviewing the numbers but to do so they need the numbers.

Donna said the members are all in agreement that they need a budget that conforms to the ordinance. She will request from the Town Manager the Benefits and Wages Worksheet and ask the Town Manager who the Assistant Town Manager is and when was that position created and who is filling it.

Jeff stated the need for detailed expenses for each department and salaries and wages. Donna said the Town voted for the lowest amount in all but three articles and that that sends a message to her that they want spending to be kept in check. She added the importance of understanding any increase to spending and that older residents do not want their taxes to go up.

Members reiterated the importance of complete information to have clarity on the budget. Donna said meeting with department heads would be informational, not argumentative. Jeff agreed that is the process the Committee wants. Reggie added that it would be a short meeting of fifteen minutes to half an hour to gain clarity and understanding. Donna reminded members that everything goes through the Chair and not to talk about items outside the Budget Committee meetings. She asked if the Committee wanted to ask the Town Manager to come back to speak with them. Members discussed past experiences in other professional settings when they needed to ask for funds and that justifying that need was an accepted practice.

Jean shared how the Budget Committee and Fire Department have worked together in the past, citing that the Budget Committee was able to set funds aside for a new fire truck before the Fire Department needed it after hearing department's anticipated need from the Fire Department. Jean said as a result the Town was not hit with a huge, unexpected expense.

Jean and Donna spoke about two former members of the Budget Committee who were accountants and did a phenomenal job of categorizing costs so pricing could be reviewed, and costs assessed periodically to adjust for changes.

Discussion centered on best practices for forecasting costs and increases. Gene shared his findings after reviewing information on Debt, Fixed Assessments, DPW, Police, and Fire. He asked about Debt. Gene said the Town Manager refers to having no short-term debt but only because they haven't taken any on. Gene directed members to page 25 and cited the Town's long-term debt of \$469,000. He noted the bond schedule for two remaining bonds for the Town sewer and Town Hall/LED and that they talk about splitting it up. Gene would like more information on that. Donna said she will request the bond schedule.

Gene asked about the loan from the Municipal Bond Bank. His question concerns data on page 27, all the numbers seem to be consistent with one line item under TIF expenses miscellaneous that increased from \$11,000 to \$20,000. He said the Committee needs to understand what that

miscellaneous is for. Donna asked what department requested that; members did not know. Gene said Fixed Assessments are locked and an account from which the Town pays the school district, the county, TIF, and the Library. Gene asked to look at the Library as separate and alone instead of as a Fixed Assessment. Donna suggested that they hold on to that issue as it will resolve itself with the corrected budget.

Discussion turned to the agenda for the following week's meeting. Diane said she wanted to keep the agenda the same in hopes of getting a budget that complies. Donna will add Library trustees to the agenda if they get back to her about coming to the meeting. Jeff asked if department heads should be invited to the next meeting. Donna asked if they should invite the Town Manager. Gene said the Town Manager had talked about attending the January 18 meeting in an email to the Budget Committee. Diane and Gene said they thought they should invite the Town Manager to the meeting on the 18th. Reggie and Jeff agreed that it would be best to get information first and then invite the Town Manager to the meeting. Donna said if they invited the Town Manager to the meeting, they should know why they are inviting him and not waste his time. Donna asked if members could attend an earlier meeting on the day that they invite the Town Manager to attend in consideration of his schedule. Members agreed they would.

Jeff said he went through the revenue items and had some questions in four areas. He cited the 4.3% higher property tax. He said the excise tax is \$531,000 through December and seems to be running behind the \$1.5 million in the budget which is 17% higher than 2021 and 18% higher than 2022. Donna said Brett, the Town assessor, had given the Committee a presentation on that prior to Jeff being on the Committee. Jeff said he would like that information. Jeff asked about the \$330,000 in revenue sharing that was not in the prior budget. Donna thought those were funds from the state. Jeff asked about BETE being listed at zero, what is BETE and revenue showing an \$80,000 reimbursement. Reggie said those are the kind of questions the Committee asks. All members agreed to have Donna send those questions to the Town Manager. Jeff also requested a new column in the report that shows five months from one year compared to the same five months of the current year to better compare expenditures.

6. Budget Committee member reports/comments.

Gene said he would be attending the Select Board meeting the next night as the William Fogg Library was on the agenda. Donna said he would be appearing before the Select Board as an Eliot resident, not as a member of the Budget Committee. Gene said he understood. Members shared concerns about the Library. Jeff said he had reviewed the Library's funding and it is all from the Town and has skyrocketed in the past few years. He added that he did not find any information about the Library on the IRS website. Jean said she was concerned about the Library's use of COVID money. Donna said during the five-week period the Library was closed during COVID, the Library did not pay employees. Jeff said he would like to look at the Library's financial statements. Donna said the Committee has asked for that information in the past and received minimal information.

7. Adjournment

Reggie motioned and Gene seconded that the meeting be adjourned. The motion passed with a roll-call vote of 6-0. The meeting adjourned at 7:05pm.

Respectfully submitted,

Donna Murphy, Chair

Date Approved: January 18, 2023

Jean Hardy, Secretary