

**Town of Eliot**  
**Budget Committee Meeting**  
***Joint Meeting with Select Board***  
**Thursday, April 13, 2023**

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**1. Call to Order**

Select Board Chair Richard Donhauser called the joint meeting between the Budget Committee and Select Board to order at 4:30pm. Select Board members in attendance were Robert MacPherson, Stan Shapleigh, Richard Donhauser, Lauren Dow, and Bill Widi. Budget Committee members in attendance in person were Donna Murphy, Diane Holt, Jeff Leathe, Denny Lentz, and Gene Wypyski, and remotely Jean Hardy. Reggie Fowler arrived at 5:20pm. Ann Lukejord, Budget Committee recording secretary, was in attendance. Town Manager Michael Sullivan was in attendance. Those in attendance pledged allegiance to the flag.

**2. Public Comment**

Barbara Thornton, 44 Osprey Cove Lane, shared her concerns about the William Fogg Library. She made four recommendations to improve operations and better manage the Town's financial support of the Library. Mr. Donhauser suggested he and Ms. Thornton speak in depth at another time as the first hour of the meeting had been reserved to discuss the proposed Town budget with the Budget Committee. Ms. Thornton agreed and thanked the Board for its time.

**3. June Town Meeting Warrant Discussion Articles 18, 19, 20, 22**

Mr. Donhauser made opening remarks stating that the purpose of the joint meeting was to reconcile differences between the Select Board and Budget Committee on Articles 18, Capital Improvements; 19, Reserve Accounts; 20, Town Standing Committees; and 22, Social Service Agencies, specifically Eastern Trails Management. He spoke about Articles 18 and 19, which he said go hand in hand, and that the recommendation the Select Board and Town Manager are putting forth is based on the recommendations of external auditors. He said the recommendation does not raise taxes or impact the tax rate but is a reconfiguration. He explained that the Town of Eliot operates on a fund-accounting system where each fund is a bucket in and of itself. He spoke about reallocating funds to the General Fund account and that doing so would not raise taxes or impact the mill rate. He added that an article would be needed to move funds back. He read aloud some of the accounts and their balances, which in some cases had balances less than \$100, and stated that the proposed action is to collapse these small balances and put them in the General Fund. He said this was more of an accounting issue than a budget issue because the money has been appropriated in the past, the Town has used most of it, and the balances have become very small.

Budget Committee Chair Murphy asked Mr. Donhauser to expand on his remarks. She asked if this money had been allocated in the past why is the Town looking to allocate it again. She also asked about the attorneys disagreeing with the auditors on how to address this. Town Manager Sullivan said the auditors who are doing the 2022 audit recommended that the Town realign how it has its Reserve Accounts set up. He said the auditors called into question whether the Reserve Accounts were set up in a legal manner. He added that there was no disagreement between the auditor and the attorney, and that the attorney had said there were different ways to look at the accounts. He added that he would like the Budget Committee and Select Board to review in November some recommendations he will have to add funds to the Reserve Accounts. He said that any requests for

funds from department heads need to come back to the Select Board for approval so that the Select Board may ensure the funds are being spent as the voters intended them to be spent.

Chair Murphy referred to the Fiscal Year 2024 Budget Allocation of Reserve Account Proposal which was submitted to the Select Board on February 23, 2023, by the Town Manager. She asked if lines 3-10 on page 12 under Administrative Reserves were the accounts to be consolidated that Chair Donhauser had spoken. Mr. Sullivan responded that the Public Safety Impact Fees for \$43,193 at the bottom are not included in that amount and apologized that the printing cut off the bottom of the page. He said the accounts are sick leave reserve, health insurance reserve, contract settlement wage reserve, contingency reserve, town insurance reserve, legal fees reserve, and consultant reserve, which are consolidated in to the \$120,000.

Chair Murphy said there were strict guidelines on how the contingency reserve can be used and asked how these funds will be spent once they are all moved into one account, specifically is it done through contingency. Chair Donhauser answered, "perhaps" but added that it does need to come before the Select Board. He reiterated that it is an accounting issue and not a budget issue and would provide the Town with more flexibility. Mr. Widi commented that the Town Manager's proposal to add funds to the contingency reserve is a modest one and averages out to about a dollar per person. Chair Murphy said her concern was exemplified by the case of a past department head who overspent and would ask for funds for his department out of the contingency fund, which is not what the contingency fund is for. She asked what the policy is, is the past policy still in exist, and how is that policy going to work if the Town is merging the accounts. Chair Donhauser said a contingency fund is a contingency fund. Mr. Widi added that it comes down to "quality managing" and that he did not want to say too much and that the situation Chair Murphy was referring to is "before my time." Mr. Sullivan said contingency in finances is usually something out of the ordinary, for example, a tree falls, and the insurance won't pay for it, or roof repair. He added that no policy is changing or has been proposed to change and that a contingency would be something extreme, not related to health insurance or the general budget. He pointed out that the Town does not use these reserve accounts and that this is to make nearly half a million dollars working for the people of Eliot again. Mr. Donhauser said that in the future if the Town needs \$100,000 to keep its mill rate the same, these funds could be used for that, but that right now the Town cannot take that action given where these funds are currently maintained. Chair Murphy said they had answered her question.

Chair Murphy held up a long-existing spreadsheet page the Budget Committee regularly received in the past for CIP (Capital Improvement Plans) and asked if that spreadsheet still exists. Mr. Sullivan answered it does but that it has not been updated. Chair Murphy asked if that was something the Town Manager would be keeping in place to inform the Budget Committee about, Town future needs moving forward. Mr. Sullivan answered, "absolutely," and added that the Town staff is working diligently to get it updated following the completion of the FY22 audit. Chair Murphy thanked the Chair and said her questions had been answered.

Budget Committee member Gene Wypyski asked how the Town Manager came to the amount of \$468,919 that would be made available to the Town following the proposed adjustments. Mr. Sullivan directed members again to page 12 of the Fiscal Year 2024 Budget Allocation of Reserve Account Proposal. He said, "If you look at the estimated balances for FY22, if you take that largest amount, the \$632,120, which I recommended to be allocated, that is, off the top of my head, \$412,000, money that was miscalculated in a reserve for the sewer, it was actually the sewer bond

balance.” He directed members to page 10 of the document and said, “You can see it was removed down at the bottom.” He added some accounts had negative balances and others had overspending.

Chair Donhauser asked if there were any more comments. There were none. He commented that what the Select Board and Town Manager were trying to do was to move some \$400,000 in funds from a restricted fund to an unrestricted fund that would allow the Town to put it before the voters to use these funds for something that would benefit the Town like a pickleball court. Mr. Sullivan added that the Town of Eliot has a very healthy unassigned account balance. Mr. Donhauser agreed and said that all these funds are in one bank account. He said, “What we are hoping to do is convince the members of the Budget Committee that it is to our mutual advantage to agree and I’m looking forward to anything you might say about why we shouldn’t agree.” Chair Donhauser invited comments from the Budget Committee and members of the public.

Mr. Wypyski of the Budget Committee said, “As I understand it, what we’ve got now, is the *status quo* is obsolete for various reasons.” He added that all they are trying to do is modernize accounts and free up almost a half a million dollars that the Town can use. Mr. Donhauser asked Mr. Sullivan if there was a suggested plan to use the funds for a pickleball court. Mr. Sullivan said there are many ideas.

Chair Murphy asked the Budget Committee for a motion to reconsider its vote on Articles 18 and 19. Diane Holt moved, and Denny Lentz seconded that the Budget Committee reconsider its vote on Article 18. The meeting lost its connection to Jean Hardy. The motion passed by a roll call vote of 5-0 without a vote recorded from Ms. Hardy.

Diane Holt moved, and Gene Wypyski seconded that the Budget Committee accept the proposed amount of \$1,474,783 under Article 18. The meeting still had no connection to Jean Hardy. The motion passed by a roll call vote of 5-0 without a vote recorded from Ms. Hardy.

Chair Murphy directed members to Article 19. Diane Holt moved, and Jeff Leathe seconded that the Budget Committee reconsider its vote on Article 19. The meeting still had no connection to Jean Hardy. The motion passed by a roll call vote of 5-0 without a vote recorded from Ms. Hardy.

Diane Holt moved, and Jeff Leathe seconded that the Budget Committee accept the proposed amount of \$163,193 under Article 19. Communication with Ms. Hardy was restored. The motion passed by a vote of 6-0.

Chair Murphy asked Chair Donhauser if Ms. Hardy’s vote on accepting Article 18 can be recorded as the audio has been restored. He agreed. Ms. Hardy’s vote was recorded as a yes on accepting the proposed amount of \$1,474,783 under Article 18, making the Budget Committee’s final roll call vote on that motion 6-0.

Chair Donhauser directed all members to Article 20 where the Budget Committee had voted to remove \$300 from the requested amount for the Aging In Place (AIP) Committee. Discussion centered on AIP’s work and the small amount of requested funds for volunteer recognition. Chair Murphy stated her position that she supports AIP but that while \$300 is a small amount and would be used to recognize volunteers, there are many committees in town that call upon volunteers and that this would set precedence in which those committees might also ask for funds to recognize volunteers. Ms. Holt asked if other committees had asked for funds for this reason. Chair Murphy

said AIP had last year and pointed out that there was another committee that had asked for funds to have food at their meeting and that that request was revoked.

Mr. Wypyski moved, and Ms. Holt seconded that the Budget Committee reconsider its vote on Article 20. The motion passed by a roll call vote of 5-1.

Mr. Wypyski moved, and Mr. Lentz seconded that the Budget Committee approve the proposed budget of \$38,300 for Article 20. The motion passed by a roll call vote of 4-2.

Chair Donhauser directed the meeting to Article 22 and the proposed funding of \$3500 for Eastern Trails Management. Discussion started with speaking to the value of having paths and trails available for recreation. Mr. Widi said the proposed funds are a membership fee and that it is “all or none,” the Town is either in for \$3500 a year or the Town is not in. Mr. Donhauser asked if Eliot does not participate, does the trail go around Eliot. Budget Committee Chair Murphy said this request for funding from Eastern Trails Management has been on the table for over a decade, requested since 2010 or 2009 and the Select Board has not funded it. Mr. Donhauser said he always looks at things to see how they impact the taxpayer base and that the amount of money being asked for is small. He said that spreading that amount throughout the Town barely adds up to a cup of coffee per person. Chair Murphy responded that all those small amounts add up.

Chair Murphy reported that the Town had asked Eastern Trails in the past but never received a plan for how the trail would go through Eliot. She added that the only way to connect Eliot from South Berwick to York would be via Routes 236 or 101, in which case the trail would be on someone’s land. She was concerned that Eastern Trails had not and has not provided plans on how the trail would go through Eliot, and other necessary information including the start date, the timeline, and other particulars. Both Chair Murphy and Ms. Hardy shared that they are active bicyclists and support opportunities for biking. Ms. Hardy said a trail through Eliot is welcomed but that the Town should not support it without a plan from Eastern Trails. Mr. Sullivan said this request was a late request and that the Town Planner saw it as a good project for the Town to be involved in. Mr. Sullivan reported on how he understood the trail would traverse Eliot and agreed there are a lot of concepts, but nothing put to paper. He suggested the Budget Committee and Select Board might want to leave this until the November ballot and that when the Town Planner is back in the office, he could present the plan to the committees.

Chair Murphy pointed out that had the Town approved funding for Eastern Trails when they first asked for funds ten years ago, the Town would have now spent \$35,000 in funding and have no trail. She suggested the Select Board reconsider its vote until the Town receives a plan as how Eastern Trails would use those funds to the benefit of Eliot residents. Mr. Donhauser asked about any findings by the Town’s Comprehensive Plan Committee. Mr. Wypyski shared survey results from the Comp Plan’s resident survey that showed biking and hiking trails as “very important” or “somewhat important” to Town residents. Chair Murphy reiterated that having biking and hiking trails is valuable but that the issue is how would Eastern Trails being do that in Eliot.

Carol Selsberg, Pickering Drive, commented that there are alternatives to Eastern Trails but there are no alternatives to Aging in Place, so she is supportive of the AIP funding but said there are alternatives to Eastern Trails.

Chair Donhauser moved, and Ms. Dow seconded that the Select Board reconsider its vote on Article 22. The motion passed by a roll call vote of 5-0.

Chair Donhauser moved, and Mr. Widi seconded that the Select Board approve Article 22 in the amount of \$76,000. The motion passed by a roll call vote of 5-0.

#### **4. Adjournment**

Mr. Fowler moved, and Ms. Hardy seconded that the Budget Committee adjourned its joint meeting with the Select Board. The motion passed by a roll call vote of 6-0. The meeting adjourned at 5:33pm.

**Respectfully submitted,**

**Donna Murphy, Chair**

**Date Approved: May 10, 2023**

**Jean Hardy, Secretary**