



**BUDGET REVIEW COMMITTEE
MEETING MINUTES
NOVEMBER 20, 2019**

1. CALL TO ORDER

Meeting called to order by Chair Bill Sawyer at 8:30 am.

2. ROLL CALL

Members present: Mark MacLeod, Bill Sawyer, Fred Lynk, Tom Sellers and Alternate Peter Kahn. A motion was made to excuse Member Rick Dolliver by Sellers 1st; MacLeod 2nd. Approved 5-0. Peter Kahn was recognized as a voting member for this meeting.

3. OFFICER ELECTION

A motion to nominate Fred Lynk to serve as Secretary of the Budget Review Committee was made by Sellers 1st, MacLeod 2nd. Approved 5-0.

4. OLD BUSINESS

Reviewed the minutes from the October 30, 2019 BRC meeting. Several changes were noted.

On a motion by Sellers 1st and MacLeod 2nd the minutes were approved as edited. Vote 5-0.

The Town Manager Pat Finnigan and the Town Treasurer Mandy Cummings were present to answer any questions the BRC had about Year-to-Date financial reports that were provided in advance. The Town Treasurer said that expenses are right where they need to be at this point in the fiscal year. Sellers suggested that the Town Treasurer compare those expenses that are front-loaded (e.g., Lifeguards, Visitor Services) against previous year run rates for this point in the fiscal year. The Town Treasurer said that she hasn't had an opportunity to do this, but the Town Manager said that given her experience these expenses are where they need to be.

Various Committee members asked specific questions about individual line items.

The Town Treasurer indicated that there is a continuing effort to make sure that expenses are properly charged to the correct account and to the correct department.

The Town Manager agreed to provide detail about the nature of the higher spending for Deductibles in the Buildings and Contents section of the Insurance & Benefits section of the financials.

Concerning revenue, the Town Treasurer said that she expects the revenue to be moving up as she posts interest income. On a question from Sawyer about the Unassigned Fund balance, the Town Treasurer indicated she is continuing work on a revised format for showing CIP projects. As part of that work she will be moving approved transfers from the Unassigned Fund into CIP.

In response to a question that Sawyer asked about the parking lot revenues that had been booked so far, which are lower than previous years, the Town Treasurer responded that there is more revenue to be booked.

Sawyer noted that none of the CIP projects that were approved in June 2019 are shown on the CIP reports that were distributed. The Town Treasurer noted that she is building a new view of CIP in the Munis system and that she hasn't loaded the June projects as yet. She promised to have the new view available for the January 2020 meeting of the BRC.

The Town Manager provided a review of the status of CIP projects approved in June.

For the first meeting in January the BRC will do a review of the first six months of the fiscal year.

Draft revisions to the BRC By-Laws were reviewed and additional suggestions were made by BRC members. Changes will be incorporated into the document and a vote taken at the next meeting.

MacLeod suggested that the language be reviewed to make sure the titles are gender neutral.

The Vice Chair noted that once the Budget Review Committee approves the By-Laws, the document must also go to the Select Board for approval.

5. NEW BUSINESS

John Fusco, Transfer Station Manager addressed the group regarding possible changes to the present practice in use regarding one free bag. He started by saying that given the continuing popularity of the town, growth and changes in recycling he believes that something needs to be done.

He expressed concerns with the present system. Last year 663.1 tons of trash were handled costing the town \$48,753.11 and \$10,000 in hauling fees. Before last year, trash tonnage had been going down. However, much of the current trash had been going into single source recycling but that stream has been closed to us. This is causing increased trash and increased cost. There is about 100 tons more trash this year than last year. Further there has been an increase in vehicle traffic from 35,000 vehicles in 2014 to 48,000 in 2018. There is more traffic now on Saturday afternoons when people are changing out rental properties.

The current system allows one free 33-gallon bag with each additional bag costing \$1. Managing this system is inefficient and a waste of resources. The most important job of the attendants is to make sure that people are safe and to provide assistance to people who have heavy loads.

Specific problems include people who define a free bag as any size, not just 33 gallons. The attendants don't want to police that nor confront people aggressively. Some people bring in 90-gallon construction bags and expect them to be free.

The permit system is difficult to enforce, specifically that the trash has to be coming from the Town of Ogunquit. There may be instances where trash is coming from elsewhere but if the person has a valid permit, that has to be honored. Sometimes the vehicle is being driven by someone other than the owner, or people are dropping off trash for elderly neighbors. In addition, some people work all week and can't drop off trash during the week and they claim that it is unfair to have to pay for extra bags. Other times family members attempt to drop off trash without the proper permit and the attendants have to take their word that they are who they say they are. And some people just don't want to pay for the second bag. Although most people in town do the right thing, the system is set up so that there are ways to manipulate it and some people take advantage of that.

Currently, the costs of trash disposal go into the tax base. Ideally the cost would be collected like most utilities, according to use.

The Transfer Station Manager further outlined a system that might work in Ogunquit. It is known as "pay as you throw." This is a mandatory system in Vermont and many towns in Maine are utilizing it. In that system there is an "authorized size" bag that can be purchased at local retailers. If Ogunquit were to adopt this system, users would be free to drop off trash as much as needed any day of the week the Transfer Station is open. This might encourage more recycling. Another benefit is that the money for bags goes directly to the town and not through the Transfer Station where last year \$56,000 in cash was collected.

MacLeod pointed out that there is a dichotomy in that we would be charging on a volumetric basis when in fact trash is priced at per ton. The Transfer Station Manager pointed out that it would be difficult to weigh every bag but that an average weight per bag can be determined when setting the per bag fee.

The Town would determine the price per bag. How much of the cost to build into the price and whether to include a free bag in each package would be decisions that would have to be made. Cost of infrastructure such as the roll-off containers might be built into the price as well as the impact of potential higher hauling costs in the future. It was also noted that there are a lot of people who don't use the transfer station but who are paying taxes.

The Transfer Station Manager said that there about 40,000 "free bags" disposed of per year. Cash collected is \$56,000. Both North Berwick and South Berwick, who use the pay per bag system, collect about \$100,000 a year and John believes we would be about the same. Although our year-round population is smaller, our seasonal population is higher. The standard size bags are 15-gallon and 33-gallon. Further, our trash hauling contract with Cassella is due for renegotiation in 2021. Adjoining towns charge \$1.50 per bag for a 15-gallon bag and \$2.50 for a 33-gallon bag.

MacLeod asked what the cost for curbside collection is and John responded the costs he had obtained are \$150-250 a year or \$20 a month plus set up fees.

The bags could be purchased at Town Hall but not the Transfer Station. In Wells bags are available at various retail outlets. If this method is used the bags are sourced through a third party that handles many similar municipal programs. In this case the town would not be involved in bag sales, but would receive regular revenue from the third party, less the cost of the bag and a handling fee.

Lynk asked if the permit system would still be required. The Transfer Station Manager answered that yes that would be the case but there is a lessened concern about where the trash is coming from.

The Town Manager said that as this moves forward public education is going to be key. Further she said that this gets at the fairness issue that is deficient in the current system.

MacLeod said that he believes that this system will handle incremental growth better.

The Chair asked how we move this forward? The Town Manager said that there is a group that come in and pitch the concept to the town. She also said that there is also a role for the Budget Review Committee to do some financial modelling to determine how the per bag fee might be structured. One possible consequence of adopting the new system is to police people who throw their trash in town's trash barrels instead of purchasing bags.

Sellers suggested that the concept be kicked off at the joint Select Board/Budget Review Committee workshop scheduled for some time in January. There was consensus that this should be done soon and that a start date of July 1, 2020 would be desirable.

Kahn asked what revenue streams would be available for the upcoming budget cycle. The Transfer Station Manager said that he didn't know because the markets keep changing.

6. FUTURE MEETINGS

The next meeting is scheduled for Wednesday, December 18, 2019 at 8:30 am. Topics for that meeting will include the subject of contract services, and also a review by the Town Treasurer of her work on getting the system of accounts correct. Kahn suggested that the Town Treasurer might scale back the number of subaccounts in use as part of her effort.

Lynk suggested a review of the acceptable level of debt for a municipality of our size. The Town Manager said that this topic might be better for a joint meeting with the Select Board with the auditors in attendance. She also suggested a review of the Unassigned Fund balance policy.

7. ADJOURNMENT

Motion to adjourn at 9:56 am: MacLeod 1st, Sellers 2nd. Vote 5-0.

Respectfully Submitted By:

Fred Lynk, Secretary