



**BUDGET REVIEW COMMITTEE
MEETING MINUTES
DECEMBER 18, 2019**

1. CALL TO ORDER

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

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, Alternate was recognized as a voting member for this meeting. Recently appointed Alternate Elaine Cooper was welcomed.

3. OLD BUSINESS

Reviewed the minutes from the November 20, 2019 BRC meeting. On a motion by MacLeod 1st and Sellers 2nd the minutes were approved as drafted. Vote 5-0.

The Chair noted that the Town Treasurer had updated revenue figures since our last meeting. Of particular note is that the parking lot revenues are already at \$1.9 million, essentially the year-end budget and another \$450,000 is possible before the end of the fiscal year. The Chair noted that this was a good job by the Visitor Services team. Cooper asked why the Perkins Cove parking lot revenue is down and the Town Manager said she would find out why.

Draft revisions to the BRC By-Laws were reviewed. On a motion by Kahn 1st and Sellers 2nd the BRC By-Laws were approved 5-0. These must now be approved by the Select Board. The Chair will provide a copy to the Town Manager who will arrange to get the document to the Select Board for action.

4. NEW BUSINESS

The Budget Review Committee asked the Town Staff for a review of contracted services. Kahn did an analysis that showed there is over \$600,000 in Contracted Services. The Town Manager's recommendation for review is that when the FY 2020-2021 budget is being developed and reviewed by the BRC, we spend time with each Department in reviewing exactly what each contracted service is for and what the costs are. The Chair mentioned an example that the Town Treasurer is currently working on that will bring payroll, which is currently a contracted service, in house. Sellers suggested that the largest contracted services line items be reviewed first.

The Town Manager contrasted two types of contracted services, one being the provision of true services, and the second being contract personnel. Examples of contracted personnel are the Tax Assessor, the Town Attorney, IT Services, HR Consultant, Environmental Monitoring Consultant as well as Plumber and Electrician. She pointed out that many towns have their own employees that do this work but that it doesn't make sense for such a small town like Ogunquit.

A quick review was made of where expenses are through November 30. The Town Manager reported that we are definitely on budget and in good shape.

There was an agenda item to discuss with the Treasurer the current debt situation, bond ratings, acceptable fund balance restrictions, and acceptable debt limits. In response the Town Manager suggested that there be a joint meeting with the Select Board and the Town's Auditor to discuss these topics. She said during the meeting that the Town has low debt levels but that we are lacking is a policy so that we know what the balance should be between paying for capital projects outright or bonding them. Alternatively, they could be funded out of Reserve Funds. Staff is working on a "debt ratio policy" that will be presented to the BRC and the Select Board. Another priority is to update the Unassigned Fund Balance Policy. The current policy says that we are to have 10% of the current tax commitment and one month of the current budget in the Fund. The Town Manager said that most communities use 2 to 3 months of general fund expenditures. She said that this is more indicative of the risk exposure and noted that our current fund balance is within that. However, it would be nice to have a policy that is clear. It would also help inform decisions concerning how much could be used from the fund balance when looking at new capital projects. The Fund is usually used to help stabilize the tax rate.

Sellers asked a clarifying question whether the fund balance recommendation of 2 to 3 months expenses also includes the 10% tax commitment. The Town Manager answered that it does not. She also said that some towns have a separate reserve account apart from the unassigned fund account for capital improvements.

The Chair suggested that we also have a discussion with the Select Board about the use of Reserve Accounts because we don't seem to be on the same page on this subject.

MacLeod said that he is ambivalent about the use of Reserve Funds, but he made two suggestions that he believes would garner more public support for their use. One is that the Town have a vehicle replacement schedule and Two, that there be visibility as to how much each reserve account has in it.

Another item on the agenda was to discuss with the Treasurer a suggestion made by the BRC for reducing and consolidating various expense line items. Kahn questioned whether we need line items that are funded at \$200 or less. MacLeod also believes that there is too much detail in the budget.

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.

5. FUTURE MEETINGS

Lynk made a suggestion that the Select Board and Budget Review Committee meet jointly to try to get consensus on the use of Reserve Accounts. Sawyer believes that we can find some common ground on some specific items (e.g., a new fire truck), and then go from there.

There is a joint meeting tentatively scheduled between the Select Board and the Budget Review Committee that will also include the Town Auditor on January 14, 2020 at 5:30 p.m. to discuss the items covered above concerning debt, unassigned fund balance and use of reserve accounts.

The next regularly scheduled meeting of the Budget Review Committee will be on Wednesday, January 29, 2020 at 10:00 a.m. Topics for that meeting will include a six-month review of all authorized CIP projects, as well as the first cut of two or three departments' operating and CIP budgets.

The Town Manager asked for the BRC's preference concerning frequency and duration of upcoming meetings. The consensus view is that we would like to meet weekly starting with the meeting of January 29 for no more than two hours each time. Further the meetings should start at 10:00 a.m. Also, the preference is to start with the budget in its entirety and then the exercise will be a drill down as each department head comes before us. It is helpful to have the department heads attend the initial meeting when their budget is being discussed. Follow-up questions can then be funneled by from the BRC through its Chair to the Town Manager.

6. ADJOURNMENT

Motion to adjourn at 9:02 a.m.: MacLeod 1st, Sellers 2nd. Vote 5-0.

Respectfully Submitted By:

Fred Lynk, Secretary