



**BUDGET REVIEW COMMITTEE
MEETING MINUTES
FEBRUARY 26, 2020**

1. CALL TO ORDER

Meeting called to order by Vice Chair Tom Sellers at 10:00 a.m.

2. ROLL CALL

Present: Members Rick Dolliver, Fred Lynk, Mark MacLeod, Tom Sellers, and Alternates Elaine Cooper and Peter Kahn.

In accordance with Section II (c) of the Budget Review Committee By-Laws Alternate Kahn was recognized as a voting member for the entirety of this meeting, and since Member Dolliver announced at the start of the meeting that he would be departing early, Alternate Cooper was moved up to a voting member effective upon his departure.

A motion was made to excuse Member Bill Sawyer by Dolliver 1st, MacLeod 2nd; Approved 5-0.

3. OLD BUSINESS

Reviewed the minutes from the February 19, 2020 BRC meeting. Dolliver asked when the Select Board had taken up the concept of “pay per bag” reported on page 4 of the minutes. The Vice Chair reported that there was a workshop by the Select Board when that was discussed. The Town Manager promised to provide the date of the Workshop to the BRC. On a motion by Cooper 1st and Lynk 2nd the minutes were approved as written. Vote 3-0. Only those present at the February 19 meeting voted.

4. NEW BUSINESS

The review of the FY20-21 continued.

Harbormaster

The Harbormaster had put together a background memo for the Budget Review Committee and went over highlights. He said that his proposed budget is essentially the same as last year, but he has asked for a little more help.

On a question by Lynk about an apparent disconnect between medical costs that are going up

and dental benefits that are going down, the Town Manager deferred an answer to a more thorough discussion she intends to have later in the budget review process when benefits are discussed.

One change in the operation that the Harbormaster reviewed is the procedure for payment of docking fees. A parking meter will be installed on the dock. This means that the boaters who pull in for transient docking will no longer need to hike up to the meter near the Visitor Services booth. When asked by Dolliver who is responsible for compliance and enforcement the Harbormaster said he is but pointed out that he has no authority to write a ticket. He would talk with any scofflaws but would rely on Visitor Services or the Police Department to issue a summons. The charge for boats is \$20 and the meter on the dock will be programmed only for boats.

The CIP budget was reviewed. There is a \$50,000 request for bridge design. This is in addition to the \$150,000 that has already been approved by the voters. The Harbormaster provided an update on the project. There was a meeting recently with the engineers (DuBois & King) working on the assessment of the current condition of the bridge, and the town learned that the bridge is in worse shape than earlier anticipated. The pilings underneath the bridge will have to be changed. The design would be a timber frame bridge and one design under consideration would make it ADA compliant. The Harbormaster has applied for a grant of \$250,000. The electronics on the bridge are also outdated.

Dolliver asked if the bridge is safe for this year, and the Harbormaster said yes. But the Town Manager cautioned that the engineer believes we shouldn't go beyond one more year.

Dredging of the Cove is dependent on the Army Corps of Engineers and we don't yet know when they will be able to do the work. Although the Corps is responsible to keep the harbor dredged, our budget impact would be to remove and reinstall the anchor chains.

The seawall also needs to be done. A portion of the funding for that project is from FEMA. It may be difficult to stage and coordinate all the work that needs to be done in the Cove.

The Town Manager was asked what has been spent on the bridge to date out of the \$150,000 approved for design but didn't have the figure off-hand and promised to get back to the BRC. The new CIP request is for design, not assessment that has already been completed.

Shellfish Conservation Commission

Chip Cundiff presented on behalf of the Shellfish Commission. He spoke of the need for ongoing training and certification. They are requesting another Warden position be made available for sales of permits and for more money for a double order of seed clams since they were not available last year. The Town Manager said that one way of dealing with this would be to carry the unused allocation from this year forward into the next fiscal year. This would have to be approved by the Select Board.

Dolliver suggested that the Town try to sell more "out of state" licenses since we never sell out.

Chip said they are trying to do that.

They expect to hold another youth day this year and perhaps on the last day of clamming for the year, possibly hold an “Old Timers” day. Chip pointed out that this is really a long-standing tradition in Ogunquit that they are trying to keep alive.

Visitor Services

Ray Hamlin, Co-Supervisor for Visitor Services presented. He first went over a presentation on the accomplishments of the 2019 season and the goals for 2020 given to the Select Board in January. Ray also directed the BRC to a budget memo that had been put together about their operations and he reviewed the 2020 goals contained in that memo. He pointed out that they do not have to buy a new meter for the Perkins Cove dock area, but they have to run power and internet to the dock location.

The point of sale (POS) system for credit cards that was installed in the Main Beach booth has worked well. It is a Square system that works on wi-fi. Because of the fast processing time of five seconds Visitor Services has been able to mitigate the traffic back-up on Beach Street. This system will be implemented at Footbridge and North Beach and to ultimately eliminate cash transactions.

Starting last Fall, Visitor Services has worked with the Police Department to implement electronic ticketing. Visitor Services provides enforcement within the lots, and the PD outside the lots.

All metered lots are park, pay and display at the current time. The goal is to go to “pay by plate,” but communications system needed strengthening.

Ray gave a demonstration of the ticket writing capability using a cell phone app. Any revenues collected through Visitor Services “forgiving enforcement program” get booked to parking lot revenue, and any tickets written get booked to the P.D. Forgiving enforcement involves a conversation with overtime parkers who agree to pay the parking fee due, in exchange for ripping up the ticket. The tickets themselves encourage visitors to engage in this process. Another beauty of the electronic system is that once a ticket is written it goes into the cloud and settlement can be done by credit card. The clerk in the PD doesn’t have to manually enter all the tickets that are written.

Dolliver asked about fees for credit card transactions and suggested that the Town might be able to do better, given the number of transactions involved.

Sellers asked what the parking lot revenue would be for May and June of this year. Ray said the figure is around \$350,000 for the two-month period.

When asked by Lynk where we are in reducing staff now that the benefits of automation are kicking in, Ray said in FY2017-2018 there were 9800 hours in attendant labor. For the FY 2018-2019 this figure was 8500 hours. He felt they were short-staffed. For the season 2019 they had

8870 hours and have budgeted 9200 hours for the upcoming fiscal year. Responsibilities now include enforcement in metered lots, a restructured 9-hour shift required at the Obeds lot to 3 6-hour shifts, special events parking and a continuing need for an “ambassador function.” In addition, they would like to provide enhanced enforcement in Lower Lot for more hours on more days.

Member Dolliver departed the meeting at 10:48 a.m.

Sellers pointed out that the revenue estimate in FY20-21 doesn't conform to the formula that has been in use over the last several budget cycles, namely 97% of a rolling average of the last three years. Using the previous two fiscal years and an estimate of where we expect to end the current year and applying the 97% factor results in a potential revenue budget of \$2,125,000 versus the \$2,033,000 projected by Visitor Services. Sellers suggested that this be reviewed again. Ray cautioned that the last season was extraordinary in that we were only closed one day in July or August and pointed out that if we lose one weekend to rain that means the loss of \$100,000. There was also discussion about the potential lost revenue with the loss of eight parking spaces due to the new beach bathhouse. The Town Manager pointed out that the intent is to maximize the number of parking spaces available but that we should attempt to quantify the impact on the revenue projection from the currently anticipated number of lost spaces.

Kahn asked a question about the expense marked “striping of lot” and whether that represented material cost. Ray developed a zero-based budget for this year. In answer to the question about striping he said that the estimate anticipates hiring a civil engineer to do a layout of the three beaches and attendant restriping using a vendor since a new layout is involved. It doesn't reflect use of the new piece of equipment that Public Works is requesting that can restripe an existing configuration. The Town Manager also pointed out that it may be a question of timing for this year. Further Ray said that the striping vendor does the work overnight not impacting parking lot operations.

Cooper said she applauds Visitor Services use of zero-based budgeting. She also asked what the issue is with Perkins Cove. Revenue there is not going up. Ray reported in answer to her question that they were 14 days late in opening this year due to communications problems. That cost between \$10,000 and \$15,000 in lost revenue. A second factor is that when you have a metered lot, state law says that handicap parking must be made available for free for twice the posted time limit. It appears that the number of handicapped people parking at Perkins Cove is increasing. Also, we are at full capacity except when there is bad weather and last May had bad weather into the early part of June. These factors were offset by utilization factors in July in August of 105% to 110 % meaning more turn-over is occurring in the lot.

Lynk asked if it is feasible to open earlier in the season at Perkins Cove. Ray said they shoot for opening the Friday before Patriots Day weekend. However, if the Town wanted to, they could “conceptually” open the lot earlier and staff it. Currently the Municipal Code says that we collect parking revenues from mid-April to mid-October except at the discretion of the Town Manager.

There are no CIP requests for Visitor Services. There is an open CIP project and within the next

one to two years there is a desire to upgrade to a touch screen meter application similar to what is available in Portsmouth.

Land Use and Assessing

Scott Heyland, Code Enforcement Officer and Karen Fortier, Contract Assessor with Municipal Resources Inc. presented. There is not much change in the operating budget. The consolidation of budget lines is appreciated by the Land Use Department. The CEO pointed out two new lines, Personal Property Assessment and the placeholder for the Comprehensive Plan.

Lynk asked the CEO about his activities to shift some costs of plan review to the applicants. Scott believes that there is little room to increase the application fees because they are already relatively high. We also have a lot of small jobs that have to pay the same fees as larger jobs. Copying costs are not excessive because the applicants are responsible to provide 15 copies as part of their applications. The need for copies on the part of Land Use is for things like abutter notifications as well as being charged for scanning documents.

When asked by Cooper if wage increases for the Land Use employees are included in the operating budget, the Town Manager said all of the anticipated increases appear in individual department budgets. Cooper also asked if the revenue that has been high this year will continue. The CEO said that it is really a function of the economy and that things have been good over the last few years. He called for caution in projecting revenue increases. Cooper said that the CEO might consider reducing his revenue projections for next year.

When Lynk pointed out that the fee for Southern Maine Planning and Development Commission appears to have increased, the CEO said that it has not, because there were line items elsewhere in earlier budgets. For example, he had \$5000 in general expenses that he has shifted into the Planning Board expenses so that he can better track going forward. There is a base fee of \$2500 to belong to SMPDC and then they charge us per review. The \$12,500 represents what the CEO expects to need from SMPDC for the next fiscal year in terms of review.

The CEO gave an overview of the GIS system and the Vision system that we pay for and that supports the Land Use and Assessing functions. Karen Fortier, Contract Assessor spoke about an upgrade to the Vision software that occurred last year that improved functionality.

The Assessor spoke about her responsibilities. Looking to become more efficient and effective, the objective is to have real estate values in line with sales values. This requires a constant review. There was a total town revaluation in 2017 and prior to that it was done in 2006. The Maine constitution requires that a town wide revaluation occur at least one every 10 years. The Assessor looks at assessed value in relation to sales price and every year there is a certification that occurs to determine that ratio. That is a median ratio, with half of the properties higher and half of the properties lower. Since the revaluation Ogunquit has been certifying at 100%. The sales analysis is reviewed with the Town's Auditor each year. The Assessor anticipates that the median assessed value will be at about 90% for this year. The starting point is sales data provided by the state and a municipality can certify at + or - 10% from the starting state figure

which for Ogunquit for this year is 93%. Sales are reviewed for the Town's fiscal year (from July 1 to June 1 of the succeeding year), but there is a year lag in the review. As an example, the factor being determined next year is based upon sales data from July 1, 2018 through June 30, 2019. The figure for next year is likely to be 83%. There is a state law that requires assessment ratios to be within 70% and 110%. When the ratio is certified below 100% there is a monetary impact other than just an equity issue between properties. There is an effect on the amount of Homestead Property Tax Exemption that is applied for residents who claim it due to the property being their primary residence. If the value is below 100%, the amount applied is scaled. As an example, with the maximum amount at \$25,000 for this year if the approved ratio were 90% the exemption amount would be 90% of \$25,000 or \$22,500. It also affects personal property in that the values determined also need to be scaled according to the certified ratio.

Karen reviewed the personal property assessment. The starting point is businesses self-reporting their assets, which is original cost less depreciation. Her firm, MRI does not have the capability or expertise to go out into the field to do audits and the budget request is to hire RRC to provide that service. This would be an extension of a contract with RRC which also provides the Vision software. The company has expertise in personal property valuation and the Town of Kittery uses them currently for this function. The process would be done systematically over a four-year period at the end of which all of the personal property accounts will have been visited. If this expense is approved the process would start in the spring of 2021. The cost shown in the budget is for one-year.

MacLeod asked if a value could be placed on this process, i.e., what could we expect to see in the way of increased valuation by doing it. The Town Manager said that the process educates businesses as to what they need to report and that most communities that have done this have seen an increase in property valuations. MacLeod followed up by asking what the valuation of personal property is in Ogunquit and Karen responded that it is about \$10 million out of a total town-wide valuation of \$1.4 billion. Kahn reported that the tax attributable to personal property is about \$69,000, so we can't expect hundreds of thousands of dollars in increased tax revenue.

Lynk asked who decides which businesses go first. Karen said that the Assessor's office does that by geography.

Kahn pointed out that if the personal property valuation goes up it doesn't necessarily mean the Town will see more total revenue, rather as a percentage, personal property taxes would be generating a greater share of the overall tax burden.

It was reported that the last time a revaluation of personal property was done was in 2017 when there was a town-wide revaluation.

The Assessor reported one more benefit to her from undertaking the personal property review, and that is she will have good data against which she can make better estimates for businesses she has to estimate in the future.

There was discussion about the desirability of moving the Business Registration date to May 1 from May 31 to make it align with the current date for reporting personal property.

A “Statistical Update” would involve visiting properties that were sold in the last two years and comparing values to sales prices. This process can be used within the 10-year statutory requirement for a town-wide valuation in order to keep the valuation ratio as close to 100% as possible.

The CIP request of the Land Use Department was reviewed. The request is for \$200,000 to restart the comprehensive plan update. The amount is an estimate that was derived from talking to Southern Maine Planning Commission who has done this type of work for other towns. The CEO said that there are other companies that do this work. The Town Manager said that she didn’t believe the entire amount would be spent in one fiscal year. The request is as much a placeholder so that this priority doesn’t get lost.

Cooper asked if the expected cost would get us a “certified plan.” The CEO responded that the objective would be to achieve a “consistent plan,” meaning it aligns with state planning objectives. It was also reported that the state process is now more rigorous than before, meaning it is likely to be more costly.

Information Services and WOGT

The budget request represents a 0.1% increase due to combining line items and looked at spending that is no longer needed. Jordan Freeman, Information Services Director reported that Spectrum is in a fight with an association of municipalities that have broadcast systems similar to ours called Community Television Association of Maine or CTAME. Last year the group introduced legislation that would require Spectrum to return municipal broadcasts to low channel numbers. Spectrum’s response was to say that they might eliminate franchise fees. The impact on Ogunquit would be about \$50,000 a year. We have a contract that probably has four or five years to run. (Jordan will provide a copy). This contract was negotiated solely by Tom Fortier on behalf of the town.

The Information Services Director next spoke about the increase in broadcast requirements. When he started in 2002 or 2003 the schedule included four meetings a month, two Select Board, and two Planning Board meetings and an occasional ZBA meeting, or 52 meetings a year as a baseline. Since 2/3 of the fiscal year has elapsed that would be 32 meetings. In fact, there have been 52 meetings broadcast. Responsibilities include maintaining the bulletin board, Channel 1302, the website and video streaming. Jordan provides the initial support for the town’s computers. This is done with two part-time staff, including Jordan who works 20 hours a week but who is on call 24/7. The second person is a camera operator who is paid for 3 hours a meeting that is broadcast. A lot of work is being done with a very small staff.

Equipment needs to be upgraded, much of which dates to 2002.

Cooper asked if the budget reflects the increased amount of programming (up 63% this year) and Jordan replied no. If Jordan were to do a zero-based budget, he would likely be asking for more.

Sellers asked if Jordan would look at the Spectrum contract and highlight its elements for the BRC.

MacLeod asked what it would cost to upgrade the equipment to hi-def if Spectrum were to allow it and Jordan responded \$20,000.

Jordan said that he is concerned about the compensation of his assistant and his ability to have him available.

The BRC applauded the Information Services Department for the increased transparency in communications.

5. FUTURE MEETINGS

The next regularly scheduled meeting of the Budget Review Committee will be on Wednesday, March 4 at 10:00 a.m. Topics for that meeting will include a review of Facilities, Utilities, Performing Arts, Marginal Way Committee, Parks and Recreation and the Bicycle Pedestrian Committee.

6. ADJOURNMENT

Motion to adjourn at 12:07 p.m.: MacLeod 1st; Cooper 2nd. Vote 5-0.

Respectfully Submitted By:

Fred Lynk, Secretary