



**BUDGET REVIEW COMMITTEE
MEETING MINUTES
MARCH 11, 2020**

1. CALL TO ORDER

Meeting called to order by Chair Bill Sawyer at 10:00 a.m.

2. ROLL CALL

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

Member Dolliver announced at the start of the meeting that he would be departing at 10:40 a.m.

3. OLD BUSINESS

Reviewed the minutes from the March 4, 2020 BRC meeting. On a motion by Sellers 1st and MacLeod 2nd the minutes were approved as amended. Vote 4-0.

4. NEW BUSINESS

The review of the FY20-21 continued.

Conservation Commission

Patience Sundaresan, Chair of the Conservation Commission, presented the budget request which is for \$30,500. There is a request of \$2,500 to continue participation in the Maine Healthy Beaches Program and pay a stipend to a person or persons who gather samples. This is currently performed by the lifeguards. There is also a request of \$1,000 to attend environmental conferences or perhaps to pay a guest speaker.

There is a line item of \$900 for beach profiling (sand erosion or accretion). The town is already obligated for this. Annual reports are produced. Lynk asked where the reports are located and neither Patience nor the Town Manager know. Patience agreed to follow-up.

There is a desire to do more outreach. There is a request of \$500 for printing of materials, \$100 for postage and \$300 for webhosting.

There are two requests of \$12,600 each for Phase 3 (final) of the Ogunquit River Watershed Project. These are to fund stormwater management and water testing in the Ogunquit River watershed, and they represent a 26% increase over previous years that are contractual

obligations. Chair Sawyer mentioned that this was anticipated and there was discussion last year about increased costs in later years to finish out the project.

CIP requests were discussed. One is the land acquisition request of \$300,000. The Conservation Commission has not had a formal discussion of this and has not taken a vote, but that is on an upcoming agenda. Patience promised to prepare a memo regarding the discussion which is slated to take place on March 19. Lynk asked if there are examples in other Maine municipalities where the town was asked to contribute toward the acquisition of an asset that it will not own, but to which benefits will accrue to the town. This might be helpful for the voters.

The Town Treasurer offered an example of a collaborative effort in use in Arundel.

The Town Manager addressed the \$25,000 request for an update of the Beach Erosion Study.

Further the Town Manager pointed out that this is not an initiative put forth by the Conservation Commission but placing in the Conservation Commission budget is consistent with similar treatment in other departments. The Town Manager envisions that this will be a reserve fund dedicated for that purpose, that will be requested annually over the next five years.

Cooper pointed out that there is \$75,000 in the Land Acquisition account, but it appears that only \$25,000 would be used for the purchase of the Boston Land. The Town Manager replied that at this point the \$25,000 should only be considered a draft.

Ogunquit Heritage Museum and Wells Ogunquit Historical Society

Sonny Perkins, Chair of the Heritage Museum Committee, presented the budget which calls for an overall 3% decrease from last year. Within the budget, however, is a proposed increase in compensation for the Museum Curator. Sonny pointed out that the Museum has already made a revenue contribution of \$2,100 against a goal of \$2,500 with much of the fiscal year yet to happen. He characterized the Museum as “doing well.” He also spoke of the need to archive the collection.

Sonny is also on the Board of the Wells-Ogunquit Historical Society and he reported on activities there. A lot of the work has been done on the building, much of which lately has been funded through grants which are getting limited. The “*Woody Show*” contributed \$12,000 to the Society. The budget proposal is for Ogunquit to contribute \$16,000; or \$8,000 more than the routine request. The additional money would be used to insulate the building. The Town of Wells is being asked to contribute \$17,000 toward that effort.

Sellers pointed out that the Society’s balance sheet shows \$80,000 and he wondered if that money would be available to fund needed work. Sonny said yes and pointed out that there is work beyond the insulation work that needs to be done.

Piping Plovers

Although the Town Manager had gone over this budget at the previous BRC meeting, Bobby Morse, Coordinator was available to address the group. The group needs lanyards and a new set of binoculars and a stipend for an assistant. Total ask is for \$5,833 most of which is to pay a stipend for the Coordinator.

As an aside, Rick Dolliver offered to personally fund the purchase of binoculars that the Plover Team needs.

Member Dolliver departed the meeting at 10:38 a.m.

General Government, Insurances, Debt Management and Capital Reserves

The functions encompassed by this budget include the Select Board, the Town Manager, The Town Clerk and the Town Treasurer. The Town Manager said that the overall budget is up \$29,563 or 3.4%.

In addition to wage and benefit increases there are increases in consultants, particularly human resource consultants.

There are a number of line items that are being decreased, including computers and services. The primary example of this reduction is due to the migration of payroll from a contract service to in-house.

The Town Treasurer took the opportunity to talk about changes that she has implemented. She conducted a business process review and after that assessment, changed a number of procedures to tighten controls and put into place checks and balances, including changing the entire cash management system. Payroll represented another major change. She figures she has made changes to about seven systems and will have a better idea how many other systems need to be changed once she has completed a full-year cycle. She has only been in the job for six months.

The budget increase in the line item for contracted services – financial software goes from \$50,000 to \$65,000. This is to fund both the MUNIS and Trio software for one year with the aim of migrating entirely to Trio and resultant savings in out years. It is to also add a Trio budgetary module.

Sawyer asked if we need both a contingency in the operating budget and also as a reserve account. The Town Manager said that the intent is only one \$10,000 contingency in the General Government operating budget, and not as a reserve account. A corrected version of the budget which just became available today makes the change.

The Town Manager reviewed insurance. A review as to the adequacy of insurance is made each year and the 5% increase represents what the insurance agent anticipates will be the premium increase.

The exception to this is for workers compensation which is experienced-rated and, due to an incident, rates are going up. MEMIC, the worker comp provider, is working with town to identify deficiencies and make recommendations. The Town Manager noted that a safety team is being constituted. Lynk noted that the KK&W Water District has an admirable safety record and they may be a resource to Ogunquit and the new safety team.

Debt service was reviewed by the Town Manager who noted that Maine Municipal Bond Bank does not allow individual municipalities to re-finance.

The Town Manager noted that we still need to have to have the discussion of what the

appropriate level of debt is for the town and a discussion of reserve funds.

The Town Treasurer and Town Manager described what the “Spring Issue” constitutes.

Included is the Main Beach Bathhouse that is under construction, the Public Works truck that has been delivered and the Agamenticus Road project that will be done this year.

Lynk suggested that it would be helpful to incorporate into the CIP status report the funding source of each open CIP item in the report.

Kahn asked if there is an ability to pay debt off early. The Town Manager didn’t readily know but agreed to find out.

Chair Sawyer noted that there was a new CIP budget recently posted that the BRC has not had an opportunity to review. He asked the Town Manager about the major differences between the two versions. The Town Manager noted that there were some additions and a proposal for several reserve accounts.

Proposed reserve accounts were reviewed. They represent the ones that have traditionally gone before the voters and some possible new accounts for consideration.

The reserve accounts now in use include Building Improvements, Accrued Liability, Unemployment and Eco-Maine closeout, all of which are required. The others listed are for good financial management.

In answer to a question about whether we spend \$40,000 annually on accrued liability, the Town Treasurer said that this is a funding level that is transferred each year to a balance sheet account that is available to pay retiring employees their accrued benefits in cash. The amount being drawn each year is dependent on the individuals retiring in that year. Currently there is about \$22,000 in the account. The \$40,000 annual figure was recommended by a previous audit.

The Town Manager believes that, to counter the perception of some voters that reserve accounts are slush funds, we need to continue to work on developing long term capital improvement plans, identifying what work needs to be done when and then setting funds aside in reserve accounts against those identified needs.

MacLeod pointed out that there is an ongoing need to let the taxpayers know which reserve accounts have been created and what the balance in each account is at any time. He said that this has not been routinely reported in the past and he believes regular reporting is essential for transparency and would help taxpayers decide whether to approve any particular reserve account.

The Chair reiterated the desire of the Budget Review Committee to have the discussion with the Select Board over the parameters we can all agree on for the use of reserve accounts, rather than going back and forth on the issue year-after-year.

The Town Treasurer reviewed a CIP request for a financial software upgrade. She reported that the MUNIS software requires a lot of input from her. Her proposal is to transition to the Trio software. The benefit is that it works directly with the State of Maine to incorporate changes in

the law that impact the municipality. She proposes to operate the two systems in parallel for one year, after which there would be a minimum of \$42,000 a year in savings. The \$50,000 being requested in this CIP request is a software license fee in year one and involves conversion of data from the current system and training.

In answer to a question about which other Maine municipalities are using the Trio software the Town Treasurer answered, “about all of them.”

Kahn asked if the Trio software would interface with the citizen transparency data on the town’s website, but the Treasurer didn’t have an answer at the current time and promised to provide an answer.

The Chair suggested that when it is contemplated that a CIP item would come from an appropriation, an estimate of the potential mil rate impact should be developed. That information would be helpful to the Budget Review Committee.

5. FUTURE MEETINGS

The next regularly scheduled meeting of the Budget Review Committee will be on Wednesday, March 18 at 10:00 a.m. This will be a review of follow-up responses from the Town Manager, and the start of deliberations over budget recommendations.

It was also suggested that we have a discussion about the impact of the coronavirus pandemic and its potential impact on the town. Specifically, there was a request made of Visitor Services to review their projected revenues in light of the news on coronavirus. In addition, if there are any other departments that believe they will be impacted, the BRC would like an update.

Kahn asked if there is a means to do a supplemental taxation should there be an unexpected impact of the coronavirus. The Town Manager said there was, but she didn’t have the specifics.

The BRC will have a discussion and formulate a position on the use of Reserve Accounts.

The BRC will do a site visitation to the Public Works Garage at the conclusion of the meeting.

6. ADJOURNMENT

Motion to adjourn at 11:16 a.m.: MacLeod 1st; Sellers 2nd. Vote 5-0.

Respectfully Submitted By:

Fred Lynk, Secretary