

ST. GEORGE SELECT BOARD & ASSESSORS

St. George Town Office

MEETING MINUTES

January 9, 2023 - 7p.m.

The Select Board meeting was called to order at 7:00 p.m. Present were Richard Bates (Chair), Randy Elwell, Steve Cartwright, Van Thompson, Wayne Sawyer, Richard Erb, and Irene Ames.

Loreen Meyer was present via Zoom.

REGULAR SESSION

Public Comment

There were no public comments.

Adjustments to the Agenda

Two new business items were added to the agenda:

1. Budget Committee concerns for 2023
2. Future meeting with our new State Senator

Conflicts of Interest

There were no conflicts of interest.

Minutes

A motion was made by Elwell, seconded by Cartwright, to approve the Select Board Minutes dated December 19, 2022, as corrected, and by a unanimous vote, the motion carried, and the minutes were approved.

Communications

Cartwright

A letter was received from Sandra Dickson concerning the Marshall Point Lighthouse.

Bates

I think Rick spoke to her. She had written to us about the road. I think she's settled on that. Do you think she is looking for more information?

Erb

I don't think so.

Van Thompson

She's not settled on Horse Point Road or the Wyeth Reading Room.

Erb

The concerns that I've heard are about traffic speed. I also heard concerns about drainage and icing. The icing will be difficult to do anything about because of the terrain.

Bates

I will call Sandra and check on it.

Warrant

Bates

We don't have Irene here. I know Tara has been paying the bills.

Erb

I have the bills and reviewed all of them before they were paid. One thing that stood out in my mind is we've had a run of bad luck with Steve's maintenance truck, brakes and tires. It adds up quickly. Other than that, I didn't see anything unusual.

Bates

If no one has any questions, why don't we go ahead and sign it?

Town Manager Report

Erb

It has been quiet during the holidays, but we're busy putting a budget together and that's taking a lot of time. The storm damage from December 23rd was not very heavy. We put together about \$20,000 in damages to turn in. The state and the county are going to reach the threshold for disaster relief. I think on Thursday, people from FEMA will be here. There's not too much to look at here. We did have some damage on Drift Inn Road and there were a lot of tree limbs down. Most of the cost was for cleanup in those areas. There were also some damaged floats in Port Clyde. We should qualify to be reimbursed.

Van Thompson

There was a video that showed a crack on the road that showed up right at the top of the landing in Port Clyde.

Bates

It has been there for a while but it looks like it has been undermined.

Van Thompson

It looks like it has opened up more.

Erb

I'll be out with Stevie in the morning and will give him the update.

Cartwright

There was a lot of private property damage on Harts Neck Rd. They lost the entire wharf; the ramp fell in the water and the front of the boat house was knocked off. On my property, which is shorefront, there is more erosion than I've ever seen. That goes back to the 1960s.

Erb

I spoke to Tim Polky today regarding low interest loans for repairs. I don't think it's outright grant money for private property repairs.

Erb

Next on the agenda, we've been working on the ambulance merger with town government and had a meeting with Bill Kelly that Richard sat in on as well. He has some experience with this in the small town of Liberty; they had a very similar situation. He's been helpful with that. I've been dealing with the ambulance and the association to get more information for him. What we're talking about doing is a Memorandum of Understanding on joining the two. Part of Bill Kelly's recommendation is that we at

least consider taking this up in a special town meeting. For the creation of the new department, the town charter requires us to do that as well as ratifying the Memorandum of Understanding. That could be done in advance. It would leave nothing to doubt at the annual town meeting because it would all be completed. I think a lot of us jump to the conclusion that we should pass the ordinance by a ballet vote, the day before. You don't have to; you can do it right in an open town meeting. Plenty of ordinances are adopted that way.

Cartwright

It is simpler really and would save money.

Erb

It's a direction we hadn't thought of, but it makes more sense.

Bates

That's something that could happen by the end of February, and we would know what needed to be printed for the town meeting. We would know what the budget was, and it just makes things so much cleaner. We would know where we stand.

Erb

You don't have to figure out a contingency. If it doesn't pass on Monday, then we'll have to do something different on Tuesday, which could get messy. Bill Kelly has been great to work with so far. We are very happy with his work.

Bates

Great. Any questions for Rick?

Randy Elwell

Are you still working on heat pumps?

Erb

I met with two contractors: Mid Coast Energy Systems and Simmons Heating and Cooling. Both came over to take a look. Mid Coast in Damariscotta is more full service. We'll bring another expert back in as well.

Cartwright

Is there anything new on cold storage?

Erb

Only that it is out to bid right now. We did have a conversation with the EDA. Knowing that contractors are busy and time is tight, what is the potential for an extension? We received a response back this

afternoon which was positive. Tomorrow morning, I'm going to talk with Noel Mussen. If we are concerned that people will not bid on it because of the timeframe, we may be able to give them some kind of assurance on extensions.

Randy Elwell

That was one of my concerns. If we didn't have to put them on a timeline, we might get more bids.

Erb

I'm concerned about frightening people off.

Cartwright

It sounds like the EDA has been pretty cooperative. (Inaudible)

Erb

They're responsive. They did get back to us.

Bates

Any questions for Rick? Thank you, Rick.

Committee Reports

Bates

Let's go on to committee reports. The Planning Board didn't meet.

Thompson

The Budget Committee has just put their letter together and that's it.

Cartwright

The Conservation Committee met. I still need to catch up with them, so I have nothing to report.

Support Dedication of Sections of Rt 131 in Memory of two Knox County Deputies

Bates

The first item, which Steve was just mentioning is supporting the dedication of sections of Route 131 in memory of two Knox County deputies. I forwarded the letter that Sheriff Patrick Polky sent to our representative. What Patrick would like would be for the Select Board to support his proposal to our state senator and representative, that legislation be passed so that sections of 131 between Wiley's Corner, and the village of Tenants Harbor be dedicated in the memory of two Knox County deputies who in 1959 lost their lives in the line of duty. Are we in support of this?

Randy Elwell

It's a great idea. I will say I've talked to Patrick. He's talked to the family members.

Van Thompson

I propose we have a letter of support.

Wayne Sawyer

What were the names of the deputies?

Van Thompson

Frank E. Ross and Frank J. Wozinski.

Bates

Can I have a show of hands for those in favor. Okay. Thank you. I will write to Patrick saying we support this.

Cartwright

I have a comment I want to put on the record. I wish that law enforcement would drop high speed chases. It just isn't worth it. If the guy was drunk, catch him later. Get his license plate number. There have been a lot of chases since then and some have ended badly. I just wanted to say that.

Analysis of Recent Property Sales Data in St. George

Bates

There is the issue of the property sales data in St. George. I'd like your forbearance on this. I know, it's somewhat dry but I think it's important. I put some notes together because I don't want to misspeak. It's a sensitive issue. I know that I wouldn't want to have the wrong things on the record. There are two topics. The first is about what the sales data tells us about the revaluation. The second is about the consequences of the sales changes on things such as tax exemptions such as homestead and veterans' exemptions.

Just to remind everyone, as town assessors, our role is to make sure the property tax burden is shared evenly and fairly across the town between different housing categories, for example between waterfront and inland areas, different parts of town, etc. and to make sure that it's been done fairly. We know that during the COVID crisis, there was an awful lot of activity in the local housing market, and there were some extraordinary price rises in certain areas. The consequence of this boom is now showing up in the data we're getting back from the state in the preliminary state valuation. This is where I speak sort of tentatively. It's starting to indicate a divergence in sales values between the different categories of housing, which implies an emerging inequality in the tax burden. We have a relatively small numbers of

sales compared to a big city. We are trying to draw conclusions from limited data, but the indications are there is emerging inequality in values across the categories. Let me try and give a few key points.

House sales in Saint George from July 2020 to July 2021, totaled more than \$30 million, which far exceeds sales for more than 10 years. Now, when you look at sale prices, they were on average 20% higher than the assessed values and this is a key point. The increases were greater for what the state calls inland residential. They were greater inland than they were for the waterfront. The inland areas went up on average 27% and the waterfront went up 16%.

Randy Elwell

Is that because the difference of costs between inland urban homes versus waterfront homes is so great?

Bates

I think the people that were moving into town. were more interested in those sorts of houses. They wanted to get away from the cities.

Randy Elwell

There are a lot of new families in town and an influx of students. That's a good thing.

Bates

It's a good thing, but the impact has been more on the residential inland homes. Not only did we have rising prices, but we also had an increase in what I call a scatter in the quality factor. In other words, some properties were selling for 50% more than they were assessed, and some were selling for up to 100% more than assessed. This introduces what appears to be a big spread. It is that randomness, that quality factor, which from the point of view of assessing has deteriorated. What do we need to do about all of this? Sooner or later, it indicates if these recent trends continue, we will need to do a revaluation. You might have read that Camden is in the middle of a revaluation that should be completed by April. Rockport is looking to reassess by April 2025. It's sort of up in the air because all the towns across the state have seen this phenomenal COVID Boom. Thinking back to when St. George last had a revaluation in 2009, the problem then was it was right after the peak of the housing bubble from the financial crash but it hadn't quite percolated to the town. House prices in 2009 were very volatile and the consequence of doing the reevaluation at that time was that within two years, there was a need to do some rather empirical adjustments to values because prices at that stage were falling. Everyone's house was valued higher than it was selling. I mention that because there's something to be said for not reevaluating at what we think is probably a peak and waiting a little bit. It will give us more time to see where the data goes. It could be that this boom may deflate, and prices may come back a bit more into normal and the inequalities that we can see may diminish, so that you don't have the same problem that you have with inequalities. On the other hand, leave it another year and you might see that these price issues have continued, which will only strengthen your resolve to revalue. There's virtue in waiting with prices being so high, thinking that they will deflate somewhat.

Cartwright

Doesn't the state require us to do a revaluation if we get too far out of line?

Bates

Absolutely.

Cartwright

What is the tipping point.

Bates

They have something called the average ratio, which is a value of the ratio of assessed values to sell values. In other words, if the ratio was 100%, then it would mean that properties were selling exactly at the assessed value. If the ratio drops to 70%, prices are 43% above their assessed value ($1.0/0.7 = 1.43$). If they're selling much more than that, that's a key. The other key is the quality ratio otherwise known as the scatter. Our average scatter quality ratio is currently 18 and it's been increasing. The year before last it was 15 and last year it was 16. We're just under we're under that now.

Randy Elwell

You looked at the numbers. What do you think is going to happen?

Bates

I wouldn't be surprised if by next year we're looking at a quality factor of 20 and that is going to precipitate the decision to do a reevaluation. We'd all be rich if we could understand where the property markets are going. That's the issue on revaluation. I think it is on the horizon. Exactly when to do it, I'm not clear.

Randy Elwell

I would say we should reassess in 10 years.

Bates

That's a guideline. It's not a necessity that we reevaluate in 10 years. If our quality ratio was low, and our average ratio was close to unity, then no problem. It's when it starts to get out of whack as it has done in the last couple of years.

Van Thompson

I blasted that article in the Courier-Gazette about Rockland and they're down 60% on average, at the moment, which means that there are people who paid an awful lot, but really aren't paying a lot in taxes for the property that they have.

Bates

In fact, Steve Betts wrote an article. It was a good summary of the situation regarding Rockland, where certain parts of Rockland really got out of line and when that happens, understandably, people believe the role of assessor is not being fulfilled. The tax burden is not being shared equally or fairly. So that's the danger. Also, we have a problem with relatively small numbers; it's sometimes not easy to discern. You could say, it's like the M&M problem, where you get a bag with three blues, three reds, and five yellows. The numbers are not equal, so you buy more bags to get a larger sample size and a better statistic. For a small town like us, we don't have a lot of sales. You can see these trends emerging, and you're not sure whether it's realistic. There are statistical tools. I made some notes in my mail about that. You can look at the numbers and have some confidence about whether it's a real change. In fact, the differences between inland and waterfront look solid but in another year it may change. That's all I want to say about rebounds. I'll move on to the question of the consequences.

The immediate consequences will be in May when the assessors have to make a decision about the certified ratio. This is the issue where in order to ensure fairness at the state and county level in terms of county taxes, it's important that towns are fairly compared to each other. You can imagine this crazy scenario where someone just bought a house for \$250,000 but the assessors, assess the house at \$25,000. You'd be thrilled because the homestead exemption is \$25,000 and by subtracting the homestead exemption, there is no property tax. One would think that the state would not let that happen. Another thing is if we arbitrarily as assessors state that the town is not worth very much, people in other towns in the county would be furious because it would look like St. George was very poor and we weren't paying our fair share of county tax. The state doesn't let us get away with that. They bring in this number which we call the certified ratio. They look at sale prices and advise that houses are selling for more than the assessed values on average, the average ratio I mentioned, and therefore they are going to inflate the value of the town instead of just adding up the values of all the houses in the assessments and state it is more than that. This ratio is the multiplier.

One of the consequences of this will be that in the tax bill that goes out later this year, instead of having a homestead exemption of \$25,000, because of the ratio, the Select Board will have to correct it. The correct number can't be more than \$22,750. In other words, the number is going to be 91%. You take \$25,000 and divide it by 91% and you get \$22,750. That's what people are going to get for the homestead exemption and that's going to be confusing. Likewise, the veteran's exemption is also going to be reduced and it's all because at the moment the town's assessment is low. It's just the way it is, and you can't do anything about it. Likewise, when it comes to the county property taxes, the numbers are going to go up. Now, the compensation is that as Van already said, Rockland is even worse. That ratio is going to be more like 70%, not 91% and I suspect that towns across the county are all going to see ratios less than one. All the relative values will shift, and who knows quite how it's all going to come out in the wash. I'm afraid that's just to be seen. That's the consequence of having these increases in resale values affect the ratios, and therefore the exemptions that people receive. People will be confused. That's a summary of the COVID boom, and the uneven rise in house prices. It's something to watch.

Randy Elwell

Is there anything more on the elderly exemption.

Bates

We are going to talk about that in a moment, but the law has not been changed so that certainly will come into effect for this current tax bill. People who've applied and successfully been accepted, will have their taxes frozen. Is that right Irene?

Irene Ames

The property taxes that they pay in 2023 are going to be the same as what they paid in 2022 and the state will pay the difference.

Bates

Who knows how that's going to go.

Randy Elwell

It's a snowball effect between that, what's happening with sales and the state evaluation. It could hurt us.

Bates

On the issue of property tax stabilization, for as long as the state continues to reimburse us at 100%, it might slightly affect the cash flow. As I read it, you submit the numbers in November, and they'll give you the refund in January. There's going to be some effect on the cash flow but I'm guessing that it won't be too significant, at least not to start with.

Erb

Now the other thing about revaluations is that there's a significant shortage of assessors out there.

Wayne Sawyer

Is Bob Gingras still our guy?

Erb

Yes.

Bates

I think if we asked him if he could start tomorrow, he'd advise he is busy.

Cartwright

Rick, when do you think we would be looking at a reevaluation right now, realistically?

Erb

I called Bob this morning and didn't get a return call but that was going to be one of my questions. We have \$125,000 in reserve for the next reevaluation and that's not going to be nearly enough.

Cartwright

Those have gone up as well.

Erb

They have and the shortage of assessors is certainly fueling that.

Van Thompson

Where were we last year, relative to the ratio?

Bates

Last year our ratio was 97% and the state gives you plus or minus 10% of that number. Mostly for convenience, we set it at 100%, because that makes it easy for everybody. There's not too much to be gained. I looked into it, and I can see some value in using a certified ratio as high as possible, over 100%. The general rule is, and the advice that we received from Bob over the past few years, is if you can get to 100%, set it at 100%.

Van Thompson

I'm trying to figure out what that change does relative to our expenses. The evaluations have already gone up a great deal and now we're adding on the ambulance service and so on. It should be an interesting time.

Bates

If you look at the mill rates themselves, then you can get some gains by tweaking that compared to the actual payments. The only way you can solve that is to make sure it's fair. I think having the ratio of 100% is a good goal, if you can, if we are able to do that.

Review Assessors Role with Property Tax Stabilization Program

Bates

The next item on the agenda is the issue of the assessor's role in the property tax stabilization program. Irene looks at all the numbers that people enter and if they can verify they meet all the requirements, then Irene checks the box and we're all done. Irene, I think what you have here is the application form and the requirements, correct? In fact, if you look on page two, it shows who qualifies. Irene has been very diligent in making sure that people meet these requirements. The problem has arisen that there is one person in particular at the moment who can't unequivocally or unambiguously prove that he meets all the requirements. The issue is he wants to appeal this, and he looks to us as assessors to consider his

case. I just thought it's important that we know the rules so that if he if he decides to come in during the next two weeks to make an appeal, we're familiar with what the issues are. Irene, do you want to say anything else about this?

Irene Ames

The particular gentleman can prove six years in St. George, and he needs to be able to prove four other years of Maine residency.

Cartwright

It doesn't have to be consecutive.

Irene Ames

It doesn't but the problem is that a lot of the things that would prove he is a resident are files that are only required to be kept temporarily. He can prove homeownership but now he's got to prove he is a resident. Nobody's required to keep vehicle registrations for 20 years. If he can come up with property or state income tax for those years, that meets the requirement, but again, we're talking twenty years.

Bates

My feeling is we should hear him out and think about it. Maybe there's some suggestions we can give him to obtain these documents, but I think Irene has been very methodical about checking eligibility and that's good.

Erb

You've had hundreds of these applications probably, and there have been some that did not meet the requirements, but there was no indication that they were interested in appealing.

Irene Ames

Most of them did not qualify and could not prove their homestead for 10 years.

Bates

This may be on the agenda in two weeks' time.

Budget Committee concerns for 2023

Bates

The next item on the agenda is the Budget Committee concerns, and they had some good suggestions. If you haven't had a chance to look at it, there were four points. The first was a reliable and affordable mill

rate. We have discussed ramping up the rate as we absorbed the ambulance, and also using the ARPA money. I think that's something that Rick is thinking about, and it is a good suggestion. Workforce housing was their second point. We should see what land we can make available for that. We recently discussed having the CDC survey that area on the north end of town. I think that's already in motion. Item number three was preparing for climate change and creating a reserve fund for road repairs, etc. It will be hard to do but it's a good idea in principle and something we should think about. The fourth item is inviting the school superintendent to Select Board meetings every quarter, in the guise of improving communications between us and the school.

Van Thompson

The budget is the concern, I think.

Bates

I think there are some good suggestions here. I appreciate this, Van. Please tell the Budget Committee, I appreciate their comments. In the next couple of weeks, we will see Rick's budget and then the next month we'll be going through it. The last thing I want to discuss is the idea that we might invite our new state senator to one of our meetings in the coming weeks. One topic that we might want to discuss is affordable housing and what's happening at the state level there. Another item might be her opinion of the status of the property stabilization program. Finally, an issue that Rick and I have discussed is how to solve the auditing problem and the shortage of auditors in town and in the state. Perhaps the solution might be for small towns to start thinking about biennial audits. Then you'd have a reduced workload on the auditors.

Erb

That is a good idea. You can have a financial review without a full audit.

Randy Elwell

Is the school required to have annual audits?

Erb

I feel certain that by state law, it is the same as for the towns?

Bates

It would not be something you'd want in cities, only for small towns. With the problems we've had with having audits done in a timely fashion, this might be a solution. Just email me with any of your ideas. It's an opportunity for us to meet her.

Cartwright

I would be interested in hearing her thoughts on the climate crisis and how it is affecting local seafood and kelp industries.

Randy Elwell

Also, the issues with the whales and offshore wind.

Cartwright

What about inviting Ann Matlack, our state representative, for a separate meeting?

Bates

We've had her come in already, haven't we?

Erb

She came in to speak about the solid waste fees.

Cartwright

And also affordable housing.

A motion was made by Sawyer, seconded by Thompson, to adjourn the Select Board meeting, and by a unanimous vote, the motion carried, and the meeting was adjourned at 7:50p.m.

Respectfully Submitted,

Tammy Taylor

Recording Secretary

Town of St. George