

ST. GEORGE SELECT BOARD & ASSESSORS

St. George Town Office MEETING MINUTES

February 25, 2019 – 6 p.m.

The Select Board meeting was called to order at 6 p.m. Members present were: Richard Bates, Chair; Randy Elwell, Jerry Hall, Wayne Sawyer, and Tammy Willey. Also present: Tim Polky, Terri-Lynn Baines, Elizabeth Curtis, Mike Smith, Daniel Paulsen, Earl Ludman, Crystal Tarjick, Dave Percival, Scott Vaitones, Alane Kennedy, Robert Kelley, Richard Cohen, Susy Ellis, Liz May, and Tom Foster.

PUBLIC COMMENTS: None.

REGULAR SESSION:

- Adjustments to Agenda: The following adjustments were made:

Budget Items under New Business was moved to Regular Session and taken up first on the agenda.

FY'2018 Audit under New Business was moved to Regular Session

- Overview of the St. George 2019-2020 Proposed Budget Plan:

The Select Board and Budget Committee reviewed and discussed the following areas of the Town Manager's 2019-2020 proposed budget.

Social & Community Services:

- **Community Development Corporation (CDC):** The CDC is requesting \$10,000. Robert Kelley, Board Chair of the St. George CDC, spoke on behalf of the organization. The majority of their funding is through donations from the St. George community. At present, they are not receiving any outside funding though they have considered this and have the ability to write grants. Kelley states that a request for a portion of their budget from the town is based on their belief that the town and CDC's missions overlap in positive ways that serve the entire community and support their neighbors. Kelley notes the CDC is able to do work beyond what a municipality could accomplish through General Assistance. For example, the CDC was able to support over 100 St. George residents (over 40 households) in distributing 7,000 pounds of food to the community over the months since the opening of the Community Cupboard in August. Kelley said assistance is needed by these families and it is not something the municipality is in a position to do; but thought collectively they would want that to be a public good. Kelley noted the food pantry is probably the most visible work the CDC is doing to serve the entire community.

Mr. Kelley stated the CDC augments what the community does in terms of work with the school, providing innovation funds above and beyond. He said the CDC does not do exactly what the municipality does in terms of Social Services work, but believes they extend it and they do not believe they conflict with it.

Selectperson Willey said she had spoken with several people who made donations to the CDC. The people asked, "I am donating to this. Why are they now wanting my tax

dollars?" Kelley said they debated this extensively. They did not ask for an appropriation last year in their startup year, primarily because they wanted to prove a model. They did not think having their hand out at the start was appropriate. He said they have been encouraged by a number of community members who feel their tax dollars (because there is a social services budget line) are meant to do some of this work. Kelley thinks this is probably not universally a held opinion but is encouraged by a large number of community members, to support the CDC's request for town funding. He said the CDC is committed to not overlapping with any other services work in the community. They coordinate with everyone, but the work they are doing is unique. He said the CDC is sensitive to tax dollars and that private donation dollars often serve different interests.

Selectperson Willey said other organizations have asked for a one-time donation. Would theirs be a one-time request? Kelley said he did not know because they have not asked for funding before, and they did not have a complete sense of what the town would decide to do. He said the CDC's belief that the ongoing services they provide are consistent with the social services line item in the town budget and would expect this to be ongoing. Kelley did not expect the request to increase and thought it was more an alignment of interest. He said the CDC recognizes that their expanding programming will need to rely on increased donations and grant writing.

Mr. Ludman asked if affordable housing was one of their goals. Kelley referred Ludman to the CDC website and said their mission statement is access to housing, to health care, to education, and to community and economic development. A committee was formed and is looking into affordable housing.

Ms. Ellis asked if the funding is earmarked for a particular request. Kelley said funding is spread across their entire budget with emphasis on supporting social service programs, but there is no program that will essentially get all this money. It will be used as general funds.

Other Select Board Questions and Comments:

- Support the unrestricted contribution as the CDC could do a better job in some areas than the town with the understanding, they make a report to the Select Board from time to time.
- It important to ask how the organization arrived at the amount they requested even though it is a worthy cause and why they asked for that amount.
- Could they authorize a lesser amount?
- The organization would put the funds to good use whether it was \$5,000 or \$10,000. There was no exact purpose for the use of the money. This should be a one-time authorization until they show where the funds were spent.
- What else is the CDC doing besides the food bank? Employee overhead is covered by donations.
- Will the CDC be getting grant money?
- Could the town's amount be tied to a matching grant?
- What can the town afford to give independent entities who are asking for help for things that the town wants them to do?
- A lot of the food is donated to the food bank.

- The CDC helps with outreach, opioid issues, and will work on affordable housing.
- Propose \$5,000. See how the CED develops the use of the funds and ask them for a report next year.

A motion made by Selectperson Elwell, seconded by Hall to amend the requested amount to \$5,000 for FY'2019-2020. The vote was 4-1. Motion carried.

- Mid-Coast Maine Community Action. The request is for \$1,000. This request is at the same level as last year. This group is based in Bath, Maine. Their letter states between October 1, 2017 and September 30, 2018, they delivered services valued at \$17,777 to twenty-nine (29) individuals and twenty-seven (27) families. Most of the funding was used for WIC vouchers.
- Knox County Health Clinic. The request is for \$2,000. This is at the same level as last year. Their letter states they served 182 residents of St. George over the last year. Consensus of the Board was it a useful and convenient service to the town.

Public Safety – Fire Department:

- Equipment Purchase. The Fire Department will replace another four (4) air packs this year.
- Vehicle Acquisition Reserve. A new fire truck will be purchased from the vehicle acquisition reserve fund which has been building up over the last five years.
- Water Hole Reserve. Mike Smith stated they were not able to work on all the water holes last year but plan to use some of the reserve funds for a major water hole project this year at Long Cove Quarry. The Fire Department plans to talk with the contractor George Hall to see if they can install a steel pipe at Long Cove Quarry. Some of the reserves would be used to hire a diver to dig and replace the pipe.
- EMA Office Staff. The Fire Department has a part-time staff person. The position was created in the 2017-2018 budget year because of new reporting requirements, more computer work and the position of Assistant Town Manager was eliminated.
- Dispatch increased. The County sets the amount.

- Discussion regarding the St. George FY'20 Budget Variance Analysis :

Selectperson Hall and Earl Ludman prepared an outline of the FY'20 Budget Variance Analysis. Mr. Hall explained the point of a variance analysis is that the changes year on year are typically due to a handful of items and the rest just do not change that much. The idea is to focus on what is different in order to understand the year on year changes.

Mr. Polky thought the variance analysis maybe too much to add into the town report. He asked what the "all other line meant." What was all other? Selectperson Hall explained it was all other expenditures except the two or three specific items listed on the analysis sheet. Ms. Ellis suggested a short variation at the end of each department. Hall thought a summary such as this does a good job of saying – here's what changed and you can add it to the departments if you want to. Ms. Ellis said she would do that in place of the summary, not in addition to, as a lot of the analysis information is in the budget message. Mr. Polky liked Ludman's notes and thought those could be part of the Town Manager's Budget Message. Polky also suggested, starting with next year's budget, to use a footnote below each section. Selectperson Hall felt the variance

analysis was a vehicle that allowed a person to quickly understand the significant changes that occurred.

The Budget Committee and Select Board's summarized discussion: Do we go to the full variance with over 1½ pages and notes on various items in the budget? Is the Page 2 Summary enough? (It depends on how much of an explanation the people looking at it want.) Do a summary of the large items such as the new debt payment. Explain where the revenue is coming from. Better define the "all other" line. The bulk of the spending in most of the department has not changed very much and it was important to show that.

Mr. Polky felt "all other" needs to be on the variance to get the bottom line and to show what the increase in the bottom line is. Mr. Ludman added, "All other helps you tie into the budget."

The Board and Budget Committee agreed to have Chair Bates, Polky, Baines, and Hall create one page for the town report on budget variance analysis. Mr. Polky suggested getting the variance analysis to a point where office staff can do it. Selectperson Hall will help the office staff with the format and in getting the analysis started.

Town Office:

- Town Manager's salary increase. Mr. Polky explained more money was requested in this budget item to allow the existing Town Manager (should he retire) to transition a new person into the position of Town Manager. This allows funding for a period of up to three months. If the money is not used, the money will lapse to surplus at the end of the year.
- Other Town Office staff salary increase. Mr. Polky said the change is due to the proposed COLA increase of 2.6% and employee merit pay as well as reallocation of monies, i. e., one employee was being paid out of three different accounts. Monies from other departments have been shifted to this department. Ms. Curtis said there had been a change in personnel and change in positions the past year. What employees were receiving last year, what employees were hired at, or as jobs changed salaries changed. The changes happened this budget year.
- Benefits. This is an increase. Chair Bates noted the change arose from a decision made last year about the 457-plan retirement fund. The town offered a contribution match of up to 4% if employees wished to participate and quite a few employees took advantage of it. Chair Bates felt this was important for employees to have a more robust savings but it appears to have increased a lot. Mr. Ludman asked if the 8% reflects the percentage of employees who could take the matching option or the ones expected to take the matching options. Could it come in less than that? Selectperson Hall said the explanation received was nine employees took the option starting this fiscal year. That fits with the amount that it is over budget. Ms. Curtis said new hires (employees) are offered the "up to 4% matching option."
- Personnel. Remove the Summer Intern Program from the budget. Mr. Polky said town office staff has been transitioning into new jobs and Mr. Polky would like the staff to have time to learn their jobs before bringing on a summer intern who would need training.
- Professional Services. Decrease the amount to \$15,000.

- Property Maintenance. The request is \$20,000. This is an increase. Mr. Polky said the town office needed to be painted on the outside as well as several rooms inside the building. The downstairs meeting room carpet needed to be replaced.
- Office Expenses. The request is \$30,000. This is an increase. Ms. Curtis noted this line has run overbudget the last few years, so they are estimating a more actual amount.
- Audit. This will be a decrease from \$9,500 to \$8,500 because a new auditor has been selected.
- Elections Expense. The request is \$3,500. This is an increase. Mr. Polky said the plan is to purchase new plastic tabletop voting booths because the metal framework booths are deteriorating. He estimates the metal booths to be approximately 32 years old. Mr. Polky said the plastic booths will be easier to set up and to store.
- Training/Workshops. The request is \$5,000. This is an increase. There are a number of employees who are working in new positions and may need training.
- Replacement of Roof on Town Office. The request is for \$15,000. Mr. Polky talked with several contractors and was given several general estimates in the amount of \$15,000 for the office roof. The fire station roof does not need to be replaced.

Select Board/Assessors:

- Employee benefits. FICA and unemployment are paid on Select Board/Assessors, Assessing Clerk and Board Secretary.

Public Safety:

- Animal Control Officer. This request is for \$3,750. Ms. Curtis said this is a contract position but is paid through payroll. This funding request is at the same level as last year.

Public Works – Roads & Property Management:

- Property Manager benefits. The change in benefits was due to the Deferred Compensation Plan 457.
- Contracts. Winter Maintenance. The snow plow contract shows an increase because the town took over the plowing of Rt. 131, but the State of Maine is reimbursing the town for the expense. The town is getting paid more per mile for the contract than it is costing the town. It costs the town approximately \$6,000 per mile and the state is paying the town \$6,120 per mile.
- Signs/Painting. This is an increase. Mr. Polky said there are a lot of sidewalks and he said they do not know what they will have to do about signs. It also includes crosswalks and all of the street road names. Mr. Polky said that for various reasons, the town replaces or has to replace about two dozen street road name signs a year.

Public Works – Solid Waste:

- Personnel Equipment. This is a new request for \$2,000 for Transfer Station Employees work clothes. Mr. Polky said the Recycling Committee has been advocating that Transfer Station staff employees wear some type of clothing to identify themselves as employees. Mr. Polky said the town has an extractor type washing machine so the employees would not have to wear their uniforms home.
- Brush/Wood Waste. The request is for \$10,000. This is a decrease. Mr. Polky said it appears that there is again a market for brush/wood waste. There are two contractors currently bidding

for the brush/wood. He said the town is not getting paid for wood/brush waste but at least the cost of disposal has gone down.

- FY'2018 Audit Report by Thomas Foster of Foster & Co. LLP, CPA: Mr. Foster reviewed the 2018 audit and stated his firm had given the Town of St. George a clean opinion. Mr. Foster noted on Exhibit C that the town's fund balances had increased, and the majority of that was due to the education fund balance (the fund balance had doubled over the course of the last year). Foster said the budget for education last year anticipated spending more money on tuition than the school actually had to spend. Foster said a majority of the balance was due to the fact there were fewer students than were actually budgeted.

Exhibit D showed the revenues vs expenditures. Foster stated that the town's overall change in the general fund was a little over \$400,000 after transfers to the capital reserves. He noted with taking the \$300,000 out for the school, the town did a pretty good job budgeting as it came close to the budget with a little bit to the plus. He stated it was a pretty good year.

Chair Bates asked Foster about the section in his cover letter regarding the discussion on the way the school budget should be worked in with the town budget. Chair Bates noted a difference of opinion. Chair Bates read, "Criteria. The school should budget school department budget rather than a local appropriation. The recommendation you make is the town includes the school general fund revenue and expenses in its budget in process. The Town believes the school has its own financial process and budget time line. The school is responsible for the school budget and the school personnel are best equipped to budget for the school." Chair Bates sensed a major disagreement.

Mr. Foster said, "The main issue is the way the school presents the amount to you is as though they were an RSU and they create an assessment. But that is not really what they are. They are a department of your municipality and they should be budgeted through the town budget as any other department. So, the revenues that come through and the expenses that go out, should all go through here, and that is how we (Foster) have presented them. Not as just the expenditure out of the assessment for the local only share. That is really what we are talking about. Is showing those expenditures at a gross amount and showing the state revenues coming into the town because they do in fact come into the town, not off to some separate entity."

Chair Bates asked if there were examples in the state where the school is the same as St. George's arrangement, it is a department within the town and historically that is the way the town has done it. Chair Bates thought the reason the town is doing it this way is because the town has transitioned from an RSU. Foster thought that was exactly the reason why and it has not really been enough of a major issue that he wanted to bring it to the town's attention but Foster felt as though they ought to work towards something.

Chair Bates asked what the advantages were because it is the school board's responsibility to prepare their budget. Foster said yes, but it is just the accounting treatment. He said it is not a legal issue. It is not a state law. It is just an accounting rule.

Mr. Vaitones said the withdrawal agreement spelled out a separate entity; it was separate and distinct from the town. One of the concerns in the long run is, does the school fund balance

suddenly merge into the town's fund balance and becomes whoever gets to the funds, first? Foster said no that is prohibited by state law. Education funds have to be spent for education, only. Vaitones said when the school district was set up, the school board decided to have their own auditor and that their funds be kept separate and audited separately. Vaitones thought at that time, some talked being merged but there would be one line in the town's budget showing what that amounted to – as a revenue in and expense out. Selectperson Hall asked if there was anything that prevents the town from treating the school like a separate entity and not part of the town, like what is currently being done. If you set it up separate, why couldn't it be separate? Foster said the town could ask the State to be a single member AOS, though he had never seen one, but it did not mean there could not be one.

Selectperson Hall asked if there was an issue in the way the State looks at things like this? Chair Bates asked Ms. Curtis for her input. She said the response that she and Mr. Polky came up with in the management discussion says how they feel about it. She does not see a benefit. She thinks what the town is doing now is working. The timeline of the two budgets is completely different and she did not know how it would all be pulled together for town meeting. Mr. Hall said if there is not a requirement, and there isn't a benefit, then why do it? Foster said from an accounting point of view, it is a tidiness issue.

Chair Bates noted a correction under the bond status of the town. He told Mr. Foster as of September 2018, the town is now AA+. Foster said he would correct that in the report. Chair Bates noted that the town's fund balance was near the top of the guidelines which is good. Bates noted that over 2.5 million dollars were not covered by FDIC insurance but were covered by collateral securities. Foster said yes there is government insurance and the town is way over but there is another level of security that the town has, so those funds are protected.

Chair Bates pointed out Foster's statement on school debt. Foster said the school debt is well within limitations allowed by state law. Foster said the town has pretty low school debt compared to most schools. Foster stated if members of Select Board or Budget Committee had any other questions, to contact him and he would get back to Chair Bates.

- Minutes: The minutes of February 11, 2019 were amended as follows:

Page 1, under AIO, line 7, change to read: ... stated it provided **weekend backpacks to 12 students** last year...

Page 3, under Cemeteries, lines 1 & 2, correct to read: This is an **increase** from last year but a **decrease from earlier years**.

Page 4, under Parks & Recreation, 3rd bullet, line 2, change word to **hockey** game

Page 4, under Harbors, 3rd bullet, lines 3 & 4, change to read: ...interest and principal on the **2.64-million-dollar** bond.

Page 5, line 7, change to read: ...not what **they** thought...

Page 7, under Conservation Commission, line 2, correct word to **forwarded**

On a motion by Selectperson Elwell, seconded by Willey, it was voted 5-0 to approve the Select Board minutes of February 11, 2019, as amended.

- Communications: The following communication was received.

Chair Bates received a communication from Joss Coggeshall saying he was very appreciative of all the help he received, including help from the town and would be writing to the people who helped resolve the issue with the float drifting in the harbor.

- Warrant: The warrant for the week of February 25, 2019 was reviewed and signed. The total expenses were \$115,470.54 and includes two weeks payroll, a \$9,200 payment for the annual audit, and payments of \$29,000 and \$10,972 to Jim Kalloch for winter road maintenance.

Chair Bates asked why the town paid Monhegan \$853.48. Ms. Baines explained this was a reimbursement to Monhegan Island for a vehicle registration done at the town office. The Secretary of State's office spoke with Ms. Elwell who was told the registration fee could be paid in St. George and then reimburse Monhegan Island. Ms. Baines said this was a one-time action.

Ms. Willey asked if the stabilization project at 10 Cold Storage Road would be there permanently or removed? Mr. Polky said the stabilization repair was done to stop the erosion, would stay in place and would be covered up.

On a motion by Selectperson Elwell, second by Willey, it was voted 4-0 (Sawyer absent for the vote) to continue the Select Board meeting beyond 8 p.m.

TOWN MANAGER'S REPORT:

Mr. Polky reported that inside the original town landing in Port Clyde, there are a series of finger floats joined together. He said when the job was originally done, two steel concrete fill pilings placed there. Last week, one of the pilings tipped over and will need to be replaced. Art Tibbetts will be down as soon as possible to work on this. Mr. Polky said the outside float had to be pulled out. There is damage to it and thinks it is beyond repair. He said they had one already made that they were going to replace, but it is going to cost more money because of storm damage there.

Selectperson Hall said there is a question of how much the town is reserving for floats and wharf maintenance. Mr. Polky said he is not sure what they have been putting in reserves has been enough. He said this is being discussed and the plan is to request an increase in next year's budget.

Mr. Polky said interviews have been held for the Harbormaster position, and he is hopeful that a decision will be made by March 1, 2019. Interviews for the position of Administration Assistant will start on February 26th.

COMMITTEE REPORTS:

- Harbor Committee: Selectperson Elwell said a Public Hearing was held on February 19th regarding Mooring Fees. One person from the public attended this hearing.

- Planning Board: Chair Bates said the Planning Board met on February 12, 2019 at 7 p.m. and they worked on the following items:

- The application by Centerline Communications LLC at 74 Wallston Road, to replace antennas and associated equipment (for Verizon) was deemed complete and, meeting the performance standards of the Site Plan Review ordinance, it was approved.
- The building permit application to reconstruct the wharf at 10 Cold Storage Road was accepted as complete. The public hearing for the project was set for Wednesday March 6, 2019 at 7:00 pm.

- The Board voted to have the draft Sign Ordinance submitted for legal review.

Chair Bates reminded the Select Board to get the notes from Boards, Committees and Commissions to him by February 27th. He will get those ready for publishing and send them to Terri-Lynn.

OLD BUSINESS:

- Update on Solar Panels: Selectperson Hall said he had received a summary of CMP credits and reviewed this with Elizabeth Curtis. Mr. Hall said it may be some years before the town uses up all the credits that have accrued on one of the meters. He said Ms. Curtis left a binder with CMP bills in it. He questioned, "Why did the town have such a large fixed charge related to the town office in the month of December?" She did not have a good answer to that and did not understand why that had occurred. Mr. Hall said then there is a question on the net energy billing agreement. "Can we change it so that the surplus rolls over instead of being allocated by percentages, because it is not going in quite the right places at this point?" Mr. Polky has that on his list and will look into that. Mr. Hall thought a change could be requested only once every three months but thinks it had been more than three months since a change was requested.

NEW BUSINESS:

- Priorities in Proposed State Budget: Chair Bates asked the Select Board to think about proposals for the state budget and what they should be thinking about. Chair Bates said he wrote to Representative Anne Matlack and Senator David Miramant and asked if they would meet with the Select Board to discuss state budget proposals. He invited them to come talk with the Select Board. No date has been scheduled as of this meeting.

- Town Website: The Select Board has received feedback from the public regarding the town website. Chris Cook will be at the town office on March 21st at 7 p.m. to demonstrate features of the website, answer questions and to take comments. Chair Bates said this will be an opportunity to get feedback from the public.

The Select Board discussed the Dedication of the annual town report.

At 8:25 p.m., on a motion by Selectperson Hall, seconded by Willey, it was voted 5-0 to adjourn the meeting.

Respectfully Submitted,

Marguerite R. Wilson
Select Board Recording Secretary