

BOARD OF SELECTMEN WORKSHOP
Minutes of 12-06-10
4:15 p.m.

Selectmen:

Charles G. Palm, Chairman
Colette Worsman, Vice Chairman
Peter F. Brothers
Miller C. Lovett
Nathan J. Torr

Town Manager:

Phillip L. Warren

Recording Clerk:

Karin Landry

Call to Order: Chairman Palm called the meeting to order 4:15 p.m. He introduced the Board, Town Manager, and the Recording Clerk and made announcements pertaining to fire exits and cell phones.

W 10-45 Trust Fund Action Strategy

Some time ago, the Trustees of the Trust Fund made a comprehensive presentation on the state of the Trust Funds. Based on the presentation, The Town Manager supports taking advantage of opportunities to use trust funds to assist with the budget.

Police Capital Equipment Reserve Fund (established in 1983): The Town Manager recommends that the balance of the Fund be used toward the purchase of a replacement boat for the police department. The boat that is available for department use at this time is unsafe to operate due to numerous leaks. The department utilizes a boat for patrol emergency response, and emergency policing of the islands. In addition, the boat is used by code enforcement for inspections on island properties and dwellings, and assessing for performance of assessment duties on island properties. It is occasionally used by the fire department for emergency response in the Meredith Bay area. The fire department boat is not suitable to meet the needs of the police department. The use of the funds in this manner is consistent with the designated use of the trust fund. It is anticipated that the purchase of a new boat will take place within the next six months. There is no disadvantage to leaving the trust fund in place once the expenditure is made. Doing so will simplify making future deposits to the fund. It is anticipated that the balance of the Fund will be a few hundred dollars once the expenditure is made. Current Balance: \$15,298.99 (does not include fourth quarter interest).

Prescott Park Expansion (established in 1998): The Town Manager recommends that the Trust Fund be used to complete the work at the Prescott Park facility, including replacement of gravel in the parking lot and other miscellaneous improvements. In addition, he recommends that the Fund be dissolved at the 2012 Town Meeting. Current Balance: \$5,087.92 (does not include fourth quarter interest).

SAU 2 (1984): The Trustees of the Trust Fund recommend expending the balance and dissolving the Fund. Current Balance: \$5,769.10 (does not including fourth quarter interest).

Meredith Village Cemetery Maintenance (established in 1994): The Fund is designated for the direct care of the Meredith Village Cemetery. The Town Manager recommends that the balance in the account be withdrawn and used to offset the cemetery budget for 2011. In making his recommendation, he considered that the Expendable Trust Fund is earning very low interest at this time. Before formally closing the Fund, he will reconfirm in writing that the action is in accordance with the recommendation of the Trustees. Current Balance: \$20,216.86 (does not include fourth quarter interest.)

Library Trust Fund (established in 1995): The Town Manager recommends that the Library be advised to withdraw the funds from the Trust and use them to offset the maintenance of the building. The Library has identified maintenance items at the facility that they are unable to address due to a lack of funding. Current Balance: \$8,821.38 (does not include fourth quarter interest).

Municipal Buildings (established in 1996): The Town Manager recommends the Board request a withdrawal from the Fund and announce at 2011 Town Meeting that the proceeds will be used as authorized. If the need arises, a new expendable trust fund will be formed for that purpose. Current Balance: \$175 (does not include fourth quarter interest).

Water Treatment and Disinfection (2002): The CIP Committee and the Town Manager recommend to dissolving the Trust and appropriating the funds for the groundwater source study. The Fund was established because at one time it was thought that the disinfection system for drinking water might have to be altered; however, water system superintendant Dan Leonard has advised that there is no need to do so. The costs for the next phase of the groundwater source study will be based on the exploratory work scheduled to be presented by the consultants sometime in December, and are unknown at this time. Current Balance: approximately \$81,000 (does not include fourth quarter interest).

The Town Manager made a recommendation that the following Trusts be used for their intended purpose or in concert with the CIP process, where appropriate. There is no recommendation to dissolve any of these Trusts, the majority of which are for ongoing projects. In all cases, expenditures from these funds shall not be used to support recurring expenditures:

- Employee Benefits
- Severance
- Land Fill Closure
- Fire Department Communication Improvement
- Fire Department Vehicle Replacement
- Solid Waste Trailer
- Municipal Technology Software Upgrade
- Waterfront Infrastructure Improvements
- Open Space Conservation
- School Facility Maintenance
- School Special Education
- Water Improvement
- Main Street Rehabilitation
- Meredith Parking
- Groundwater Source Study
- Parks & Recreation Facility Improvement

Town CE Appropriation (1988): The Trustees of the Trust Fund recommend that once a complete analysis of the maintenance cost per cemetery lot has been completed, the sum, multiplied by the number of affected lots in the cemetery budget, should be withdrawn from interest accrued and applied to the cemetery budget on an annual basis. The Town Manager explained the time study that must be done in order to identify the annual cost of maintenance per lot, and announced his intention to enter into a partnership with a local college to utilize an intern for the project. Current Balance: \$7,396.43 (does not include fourth quarter interest).

On an unrelated topic, Selectman Lovett brought to the attention of the Board a concern expressed by a resident at a recent meeting. Selectman Lovett shares the resident's concern that there needs to be a more thorough briefing, at a minimum, on matters that come before the Board at the public meetings beginning at 5:30, and would like to have additional discussion on the matter. On the other hand, the policies that come before the Board in the Workshop format are presented in more detail than ever before. Although Chair Palm agrees there is a need for additional discussion on some matters, he feels that for the most part there is an adequate amount of discussion to take an intelligent role.

Trust Fund expenditures will be slated for the 2011 budget. Dialogue ensued regarding the accounting process for said transactions. Selectman Lovett does not favor spending for the sake of spending and wishes to be sure all expenditures are justified. The Town Manager clarified that all funds are to be used for a specific identified purpose. Selectman Torr believes it is time to put the dollars that have been sitting in various funds since as early as 1983 to use. In addition, there are specific needs that cannot be met in other ways. Selectman Palm pointed out that the funds can only be used for the purposes stated in the Trusts. Selectman Brothers strongly recommends using the funds for the police boat, Prescott Park, and other items, and to help meet needs at the library and school. Selectman Torr acknowledged the considerable work done by the current Trustees of the Trust Fund.

Dialogue ensued regarding methods of accounting for the withdrawal of funds and the effects of unexpended withdrawals at year end on Fund Balance. There was an agreement among the Board that the transactions must be kept transparent. Selectman Brothers is concerned that it will be easy for funds to get used for an unintended purpose. It will be most transparent if the Trust Fund is closed out and put back into excess revenues, then if and when an appropriate capital expense is identified, the taxpayers are approached with a new fund established for a specific purpose.

Dialogue ensued regarding the use of the Meredith Village Cemetery Fund. Selectman Lovett suggested applying the trust funds to major repairs that have already been identified, such as curbing and roads within the boundaries of the cemetery. The Town Manager will confer with Mr. Faller; however, if funds are utilized to perform specific work that has already been identified, it will increase the operating budget, which is not the intention. The funds should be treated as a receipt, with no corresponding expenditure.

A column will be inserted into the spreadsheet that ties back to the MS-4 to keep track of reserve fund closings.

W 10-45 Continuation of Budget Review

Solid Waste:

The Town Manager explained the four line items for transportation and disposal:

- Construction debris disposal
- Transportation - demolition disposal material

- AVRRD
- Transportation - household trash disposal

Construction and demolition debris and its trucking costs are segregated from the regular municipal solid waste and its trucking costs. At the request of Selectman Worsman, The Town Manager will compile an accounting of revenues and expenses for each individual category in order to ascertain if revenues collected are covering expenses incurred. It was noted that individual residents are not charged for construction debris, which has an effect on the revenue/expense ratio. The rates are set at the higher competitive side in order to discourage commercial haulers from taking advantage of the system.

Regional Agencies:

The Regional Agency contributions have been updated in accordance with the actions of the Board taken at the December 1 Workshop.

Police Department:

All costs including an administrative cost per hour are factored into the police detail rate.

SAU 2:

Director of Administrative Services Brenda Vittner is in the process of collecting additional information regarding the School Resource Officer. The Town Manager plans to update the Board at its next regular meeting.

Retirement:

Selectman Brothers expressed concerns with whether the retirement costs factored into the police detail rate will cover actual costs at the time of retirement. While costs in the current year are being covered, retirement costs are increasing exponentially, and will be based on higher earning years. Models for cost sharing formulas are being crafted to adjust for the impact to the entire retirement system.

Selectman Brothers motioned to adjourn the Workshop at 5:25 p.m. Seconded by Selectman Worsman. 5-0. All in favor. Motion passed unanimously.

Respectfully submitted,

Phillip L. Warren, Town Manager

Charles G. Palm, Chairman

Colette Worsman, Vice Chairman

Peter F. Brothers

Miller C. Lovett

Nathan J. Torr

