

**North Berwick Board of Selectmen Minutes January 6, 2015**

**NORTH BERWICK BOARD OF SELECTMEN MINUTES  
JANUARY 6, 2015**

**Present:** Chairman Danforth, Selectman Galemmo, Selectman Folsom, Selectman Cowan

**Absent:** Selectman Drew

**Also Present:** Dwayne Morin, Peter Kellman, William Hall of RHR Smith & Co., Pam Brezak, Craig Skelton, Assessing Agent, Richard Braly, Qiana Qualls, Lynn Manley, Judi Currie

Chairman Danforth called the meeting to order at 6:31 pm.

**1. Pledge of Allegiance**

**2. Review and Approve Minutes of December 16, 2014**

Selectman Galemmo motioned to approve the minutes of December 16, 2014. Selectman Folsom seconded the motion. VOTE: 4-0

**3. Public Input**

Chairman Danforth asked if there was any public input.

Pam Brezak stepped forward and stated that she lives off of Prospect Street. She is asking for the Selectmen to undo a misunderstanding. She stated that her property abuts the new canoe launch landing. She stated that there used to be a stockade fence up to a certain point where the road turns into Pratt & Whitney and then it became a chain link fence which divided their properties. She stated that the fence was always a thorn in her husband, Carl's side. She stated that he had the understanding that the fences were going to come down. Dwayne Morin stated that Mr. Brezak actually came to him and asked him to remove the fence and he did so on more than one occasion. Mrs. Brezak stated that since the fencing has come down, they have had kids take the canoes off of their property and are in the canoes without any safety equipment. She

stated that there is no way to tell where their property ends and the Town property begins. She stated that she does not really want to start taking all of their things in and she does not want to be a police person down there either. She stated that she understands the expense of putting something back up. She would like the Selectmen to consider putting up another fence or some kind of barrier to show the property lines. She stated that she also doesn't like to just be looking at a parking lot there. Selectman Cowan asked why Mr. Brezak wanted the fence taken down. Dwayne stated that he really couldn't speak for him but that the only reason that we took the fence down was because Mr. Brezak asked for them to do it. Dwayne stated that they were only going to take the fence down along the riverside, but he asked for them to remove the entire fencing. Dwayne stated that Mr. Brezak did state that he didn't like the fence because he wanted animals to have free roam of the properties. Dwayne stated that Mr. Brezak had also mentioned that he wanted people to have use of their canoes and their dock. Dwayne stated that it would cost about \$6,800 to replace the fence. Selectman Folsom asked what condition the fence was in and Dwayne stated that it was in good condition.

Chairman Danforth stated that the old fencing went all the way up to the road to our access road that the canoe launch is off of and Dwayne stated that this was correct. Chairman Danforth asked Dwayne if we would need to put fencing along the whole length of that. Dwayne stated that we would because their whole property is along our whole property. Selectman Cowan asked who owned the fence. Dwayne stated that it was originally Pratt's fence but when we acquired the property it became ours.

Selectman Cowan told Mrs. Brezak that it appears that there is a very significant difference between her perspective on this and her husband's perspective. Mrs. Brezak stated that she and her husband have had many discussions about this the past few weeks. She wishes that he would have come with her tonight to tell them that he would like the fence back up. She understands about the expense of putting up a new fence but she felt that she had to at least come forward and make the request. Selectman Cowan stated that she feels that the Board should at least get something in writing from Mr. Brezak letting them know what his wishes are so the Board can make sure that the couple is in agreement about what they want.

Chairman Danforth asked if they could do a smaller fence like a 4 footer instead of an 8 footer. Dwayne stated that the one he had priced was a 6 footer. Selectman Galembo asked Mrs. Brezak if they were looking for more of a privacy fence or a "keep the kids out" type of fence. Mrs. Brezak stated that ideally, she would like it to do both.

Chairman Danforth told Mrs. Brezak that the Board would have to discuss this further. He did tell her that the Board would like a letter showing what consensus that she and her husband had agreed to. Mrs. Brezak asked if there was a time frame for getting the letter to them and Selectman Folsom stated that she should probably have it for the next meeting because they are currently working on the budget.

There was no other public input at this time.

Dwayne suggest that they move on to the abatement requests.

**5. New Business:**

**C. Commitment FY15: Abatement Requests**

Craig Skelton came forward to review the Abatement requests with the Board. He stated that the first one was Abatement 2 for the FY15 tax year. He stated that during the last town wide revaluation, the inspectors were not able to conduct an interior inspection of this property at 121 Buffum Road. He recently performed an interior inspection and found the wrong grade had been assigned. This abatement will correct for the error in grading. That total abatement is for \$514.19.

Selectman Galemmo motioned to approve Abatement #2. Selectman Cowan seconded the motion. VOTE: 4-0

Mr. Skelton reviewed Abatement #3. This parcel was merged with adjacent property of the applicant and the account was deleted in 2012. The account was inadvertently re-activated for the current tax year and should not have been. This abatement will correct the error. The amount of the abatement is \$921.30.

Selectman Galemmo motioned to approve Abatement #3. Selectman Cowan seconded the motion. VOTE: 4-0

**A. Audit: Review FY14 Audit with Auditors**

William Hall stepped forward and stated that he is an auditor with RHR Smith & Company. He stated that the good thing with this audit was that it had no fundamental changes in each of the pages. As far as the formatting, none of the formatting changed. He stated that this is the first time in 3 or 4 years that this has happened. He stated that the most important pages in this document are pages 1, 2 and 3. This is where they form their opinion on the financial statements. Most of the information adheres to GASB and GAS recommendations. If there was any kind of information that was in these documents that would need to have an opinion, we would have to put it in the second page of this documentation. On pages 4-11 is what they refer to as Management's Discussion and Analysis. This takes all of the information that is in the pages that follow and brings it all forward and combines it as not a municipal audit. It shows it like a business type audit. It encompasses all of the fixed assets, long term debts and anything that the town has as a format. These are also the pages where Dwayne or management for the Town of North Berwick can implement anything that they wanted to.

Mr. Hall stated that one of the most important pages in the document was page 15 which shows Statement C. This is the Balance Sheet that shows the General Fund and also non major funds that are broken down in the back. The General Fund had total assets of \$3,675,091.00. Of that, just a little over \$3 million of that was cash, taxes and liens that were uncollectable of about \$400,000. Mr. Hall stated that assets need to equal liabilities but don't have to equal equity. Equity plus liabilities are your assets. So if you have \$3.6 million in assets, you need to have \$3.6 million in liabilities. For liabilities, we have \$124,000 in Accounts payable. Mr. Hall stated that escrows are money that is given to us to use for construction or stuff that we hold on to. It is

sort of like retainage. Once the project is done and the Code Enforcement Office looks at the project and if everything is good, the money is returned to the people that gave it to us. Of the \$194,000 that we have in Escrow over half of it has to do with one Escrow which is the Goldmark Escrow. We have Deferred Tax Revenue of \$186,000. The Total Fund Balance has \$2.9 million. Of that, \$390,000 is assigned. He stated that we have \$2.5 million that is unassigned fund balance. This is an important number because a lot of towns use this number to budget for the next year's budget. He stated that it is sort of like a cushion for tax increases. Another thing that this is used for is for cash flow. Mr. Hall stated that we are pretty healthy to very healthy. He stated that auditors usually recommend that you have at least 60-90 days of operating fund balance. We are currently running at about 120 days so we are in a good financial place right now. Dwayne stated that our policy is that we go to 90 days and anything over 90 days goes towards capital. Our fund balance policy requires that we have \$2.203 million and we have \$2.543 million so we would have about \$340,000 that would be dedicated towards our capital account for the upcoming budget. Mr. Hall stated that Capital accounts have become very popular and needy especially with roads the way they are in this State.

Mr. Hall stated that on page 17 is Statement E shows our Revenue and Expenses for the current year. Revenues are at \$9.1 million which was mostly from property taxes. We also have excise tax and some intergovernmental revenues. It also includes charges for services of \$421,000 and miscellaneous revenues of \$245,000. Our Expenditures were at \$8.9 million last year so we had excess of revenues over expenses of \$190,000. Our net change in funds balances was \$216,000 so our fund balance went from \$2.7 million to \$2.9 million.

Mr. Hall went on to explain pages 19-21 goes over our Pay Per Throw Trash Program. The fund balance went up \$20,000 from \$92,000 to \$113,000. He stated that he has about 3 clients that have this program and ours is the one that seems to function the best. He stated that most of them barely break even every year and ours seems to always have a net income every year. Mr. Hall stated that out of that \$113,000 Restricted Fund balance, we have assets in Cash of about \$20,000, due from other funds of \$103,000 and an Accounts Payable of \$10,000.

Mr. Hall went on to explain what a Do To Do From was. He stated that this is a common name used in Fund Accounting. As Auditors, they usually recommend that their clients don't have cash accounts everywhere because it is harder to maintain. They recommend having one major account in our General Fund that we run all of our bills out of this account. The account that is used to transfer the revenue and expenses that flow through this account is the Do To Do From. It is the money that is represented in your General Fund Cash that belongs to that fund.

Mr. Hall then moved on to page 33 to discuss our long term debts. At the beginning of the year, we had \$2.8 million in Bonds and had \$2.5 million at the end of the year which is currently made up of two bonds. One of them is a General Obligation Bond in the amount of \$1,605,000 which was started in 2007. Dwayne stated that it was for the Town Office building. The other one is a \$1,355,500 General Obligation Bond which will mature in October 2022. He stated that we also have one Capital Lease through Gorham Savings for photocopiers that will be paid off in two years.

Mr. Hall stated that on he had mentioned earlier about Assigned Fund Balances in the amount of \$390,000. On page 35, it lists everything that makes up this balance. This is usually assigned one year to use in the budget for the next year.

Mr. Hall stated that on page 39 is a current year budget and actual Budgetary Comparison Schedule. He stated that all of our Revenues came in good and all of our Expenses except for Capital Outlay came in good. He stated that Capital Outlay was the only expenditure that was over expended. He stated that they actually do a breakdown of these revenues and expenses on pages 40-44. On pages 45 and 46 is a summary of the Nonmajor Funds and pages 48 and 49 show the detail for these. It also does the same for our Permanent Funds. Pages 54 and 55 shows all of our Capital Assets.

Mr. Hall stated that on page 56 and 57 is a letter that is addressed to the Federal government. This is because we are a Yellow Book Audit. Selectman Cowan asked what a Yellow Book Audit was. Mr. Hall said that it is because we have a bond. Dwayne stated that anytime we borrow money from the government, there are requirements that need to be met.

Mr. Hall stated that it is always a pleasure coming to do the audit here. Dwayne and the rest of the staff usually have everything in order for him.

**B. Conservation Agricultural Commission: Review Membership Applications**

Dwayne stated that he had included in their packets some applications for the Conservation and Agricultural Commission for the Board to review. There are eight of them that were received by the December 31, 2014. Selectman Cowan asked how many they had to pick and Dwayne stated that they need to choose six people. There are seven on the committee but one of them is the Tree Warden who is Dave Parker. Selectman Cowan stated that she feels that they need to be consistent in the process for selecting members. She feels that the applicants should come in and be interviewed by the Selectmen. Dwayne stated that the next meeting is quite busy with items that he already knows are going to be on the Agenda. Dwayne also stated that the goal mentioned at the other meeting was to have the committee filled by the end of February. The Board agreed to hold the interviews at the February 3<sup>rd</sup> meeting. Dwayne will notify all of the applicants.

**Reminders: Next Board of Selectmen's Meeting** – Jan. 20, 2015 – 6:30 pm Municipal Building

#### **4. Unfinished Business:**

##### **A. Budget FY16: Continuing Discussion on Budget – Review Preliminary Submissions**

Dwayne stated that he would start on page 21 in the packets. He said that all of the budgets were due in by December 31<sup>st</sup>. The requests that have been received so far equal \$4.2 million which is about a 12% increase from last year's budget. He said that this is the largest increase that we have started with since he has been here. He stated that he has not looked at all of the details at this point. He has just plugged in the numbers into the spreadsheet. He has emailed all of the department heads and have asked them for details and additional information.

Dwayne reviewed the operations part of the budget. The spreadsheet shows the actual budget for years 2010 to 2015 and the request for 2016. In 2010 and 2011, we did fairly well because we had a negative Operations budget. It then went up to over 2% for the next couple of years. In 2014 it was at a negative .61% and in 2015 it was back to a positive .58%. Dwayne stated that there are some costs that are starting to catch up with us. One of the unforeseen costs is the electricity which is a 25% increase starting this year. Selectman Cowan stated that we should see some relief with the agreement that was made with SAD 60 in terms of heating. Dwayne said that we would probably save about \$20,000 but it would not make up for the big bump in electricity. Chairman Danforth asked how much of an increase it meant for us in electricity and Dwayne said it was about an increase of \$25,000.

Selectman Galemme stated that the 12% represents about \$448,000 and the biggest increases are the Library at about \$22,000, the Police at about \$41,000 and the Rescue Squad for \$285,000. He said that when the Rescue had come in to talk to them he thought they were going from \$110,000 to \$250,000. Dwayne stated that they had changed a little bit. He also stated that the number that is here that relates to Rescue does not include revenue. You have to take off \$150,000 from that amount because they will be paying \$150,000 of that total. Selectman Galemme stated that not including the \$150,000 will drop the percentage. Dwayne stated that it would bring it down to about the 9% range. Dwayne stated that the Governor's budget is going to be released on Friday so we will know more where we stand from that perspective. He is concerned about the Revenue Sharing, excise tax and the BETR reimbursements.

Dwayne said that we will be seeing some savings with the health insurance coming into this year. He stated that on page 18, there is a new line on General Government called HRA Fund. He has gone back the previous 2 years and pulled those HRA funds out. In 2014, we needed to fund 100% which was \$12,750. This past year, it was \$29,250 and this was because we added the police into the HRA fund. It will remain at about \$29,250 depending on how many people use our Health insurance program. He stated that a lot of this money is not expended. For example, in 2014 out of the \$12,750 we only spent about \$2,000 so we have banked that extra. He will not know what the money is for this year until the end of June, but he believes we will have a surplus of an additional \$10,000 in that account for a total of about \$20,000. This will be able to be applied towards the current budget so this will reduce costs again.

Dwayne stated that the greatest increase is on the Rescue side. He has asked them to do a few different things and come up with some alternate ideas and funding schemes while still striving

for the goal of 24/7 coverage. He stated that when they submitted their budget, there was a few things that they left off of it. They had not considered costs for payroll taxes, workers compensation taxes and other things like that, which are salary driven.

Selectman Glemmo inquired about the Library budget. Dwayne stated that they wanted to add an additional employee. Selectman Glemmo asked if they were planning on have extended hours and Dwayne said that he wasn't sure. He hadn't looked at it yet. Dwayne stated that when the Library addition was made, the Board had a few concerns. He stated that every question that the Board had asked and was told "No" to has since been brought forth for the Board to consider. One of the questions was if they were going to need additional employees and they had said that they wouldn't. The Board needs to consider if it is a necessity especially in this budgeting season. Dwayne said that he is not so sure that it is. Selectman Glemmo and Chairman Danforth stated that they would like to know what has changed that makes adding an additional person a necessity.

Selectman Cowan asked what the increase under Cemetery was about. Dwayne stated that they just throw everything out there in the preliminary budget but he foresees a decrease of about \$7,000. He said that it should be in line with what it was last year depending on a few things such as mowing costs. He stated that our mowing contract expires in June. Our current mower has come to the Town and has offered to extend his contract for an additional three years at the same cost. Selectman Cowan asked if his price was reasonable compared to others. Dwayne stated that it is reasonable and they do a great job. Dwayne stated that Gilpatrick took over the last year of the previous person's contract, had another contract for 3 years and now want another 3 years so it would mean a total of 7 years without any increase.

Selectman Glemmo motioned to approve the bid from Gilpatrick for the mowing contract. Selectman Cowan seconded the motion. VOTE: 4-0

Selectman Glemmo asked what the mil rate would be right now. Dwayne stated that the total valuation of the town is \$614 million so 1 mil raises \$614,000 per dollar. Dwayne stated that do anticipate seeing an increase in property values. They are estimating about a \$3 million increase in real estate value. Selectman Cowan asked what this is attributed to. Dwayne said that they anticipate Hannaford's building to be at least 50% completed, Dollar General will be open by April 1<sup>st</sup> and Pratt has opened their new addition in their facility. They are expecting about a half million dollar gain from Hannaford, about a \$300,000 gain on Dollar General, about a \$800,000 gain from Pratt and about \$1.7 to \$1.9 million in new houses. Dwayne stated that he met with Pratt this week and they purchased an additional \$40 million in equipment this year so we will see that in our BETE valuation.

Dwayne stated that last year we also banked some additional revenue from our overlay. We did our overlay at \$199,000 and we typically do our overlay at \$125,000 so we have about \$70,000 that is banked in additional value that is already booked into the budget.

The Board discussed the Rescue budget a little bit more. They all agreed that the expansion to 24/7 coverage should be phased in over a 2-3 year time frame. Selectman Cowan asked what the time frame was for the new fire house and Dwayne stated that is still about 3 years away.

Dwayne stated that the other budget numbers were on par with what he anticipated. The Town Office is at about a 2.34% increase, Selectmen is at 0, Code Enforcement is 1.90%, Town Manager is 3.11%, Tax Assessment is 2.46%, Planning Board and ZBA are flat, and insurances are up .97%. Dwayne stated that the increase in insurance was due to the salary increase which he figured in at 2% like the Selectmen had agreed to. The HRA Fund is flat but there will be some savings there as stated earlier. General Assistance is flat.

Dwayne stated that equipment was up about 5%. He stated that they had anticipated it to be at 5%. We originally thought that Capital would be about \$600,000 and it ended up being lower because we have put off some purchases. One of these is that we will not get a new sidewalk plow. Instead we will just fix it up and paint it. We are also not going to get a new one ton. We will also be fixing these up. Dwayne stated that one of the things that they are purchasing this year is a new police cruiser. They are looking into getting an SUV instead of a cruiser. He stated that the difference in price between an SUV and a cruiser is only about \$1,700. Selectman Galemme asked why they want an SUV instead. Dwayne stated that it is mostly because of the inclement weather. He stated that with their current cruisers, which are Impalas, they have gotten stuck quite a few times. He stated that the police experience the worst of the weather. By the time our trucks are out plowing the roads, our police have already been out in it. Selectman Cowan asked if there was going to be any issues switching the equipment over. Dwayne stated that there will be some equipment costs but a lot of the stuff that they have been purchasing lately has been universal so they will fit in anything.

The other capital expense is with the Fire Department. We painted the Central Station floor this past year and they want to do that at the substation this year. Dwayne thinks that this may be one thing that may be pushed off because it is not really a necessity for this year. The cost is \$17,000.

Dwayne went on and said that for Public Works Winter he usually budgets \$100,000 but he has brought it up to \$125,000 for this year because he doesn't know what this winter will bring. Regular Public Works is up 2%. Transfer station is up 2% and Health Officer is 0. Social Service Agencies is up a little bit. He stated that he did receive a request after the deadline so he needs to have the Board decide if they should include in the budget. The request is from York County Child Abuse for \$600. The Board agreed to add it in.

Dwayne went on and said that Police was up about 4% and most of this is due to insurances and contract costs. Fire is up 3% but if you look at actual numbers it is a very small number. Street lights is an increase in 25% which is due to the electricity increase. Hydrants are flat. Dispatch is a 3.61% increase instead of 3%. This is because of the two towns that are no longer part of Sanford Dispatch so we have to pay extra to make up for their loss. Parks and recreation is up 2.81% which is mostly due to salaries and insurance. The rest of the Parks and Rec is dead flat. Community Center is up a little over 3% which is all electricity costs. The Library is up 10% because they want an additional staff person. Historical Society is up \$300, Outside Agencies are relatively flat, Cemetery is up about \$7,000, Mill Field Festival has increased by \$500, and Eastern Trail is back requesting for us to participate again. The Debt is flat.



The Impact Fee Budget consists of \$35,000 for Parks and Rec which is for the bike and walk trail at the Community Center and \$15,000 is for the horseshoe pits at the Mill Field. The other thing would be depending on what the Board decides to do about the fence at the canoe launch. If they decide to add the fence the fees would come out of this budget. The Board had some further discussion as to the type of fence and different pricing. Dwayne stated that he would check into it. Selectman Cowan stated that the townspeople would probably not be too happy in knowing that they are paying for this under the circumstances. She feels that there should be some shared cost with the abutters. Chairman Danforth stated that they should wait to get the letter from the Brezaks before making a decision on this.

Dwayne stated that his goal for the next couple of weeks is to really tear apart these numbers and he will have some recommendations for the Board at the next meeting. He stated that they will not be at last year's funding level. He feels that they can realistically be within the 3 to 5 percent range.

Dwayne stated that he also included a Capital Improvement list on page 15. It shows the things that we have postponed such as the sidewalk plow and the one ton truck. It also shows the roads that will be worked on and which ones have been moved back. We are also looking to redo the sidewalk on Route 9. He said that they ran the numbers and it looks like they will be \$57 short so they can shift some funds around to cover that. The SCBA lease is budgeted for \$11,000. He stated that last year they did the same thing and actually only spent \$8,000. The good thing is that for that \$11,000, we already have \$3,000 going towards that. The Fire truck payment lease is \$41,220, Tanker Escrow is \$30,000, Substation floor is \$17,500, and Transfer Station drainage for \$15,000. Selectman Cowan stated that she feels that they should postpone the Substation Floor at this time.

Dwayne stated that at the last meeting they had talked about putting a transmitter on a Tower that SAD 60 is thinking of putting up. He has spoken with the Superintendent and they do not know what they are doing right now so we don't want to budget something at this time. Dwayne stated that they are talking about a tall tower that they could lease space for a cell tower. He stated that this is a totally different review at the Planning Board level. If you go for a communication tower, that is one thing but a cell tower is a more intensive review. It also puts the school of becoming a taxable entity because it is now revenue generating. The Superintendent stated that they had not even given those things a thought. Dwayne stated that they are looking into doing it within the next year or two.

## **6. Other Business:**

Selectman Folsom would like to request for the Highway Department to take the pile of snow out by the Monument first when doing snow removal. She stated that she almost witnessed an accident there the other day. Dwayne stated that they usually clear the railroads first because we have to and work our way back.

**7. Review and Approve Warrants and Correspondence:**

Warrant:	December 23, 2014	- \$ 0.00
Warrant:	December 30, 2014	- \$ 22,294.54
Warrant:	January 5, 2015	- \$ 37,030.20

Selectman Galemmo motioned to accept the Warrant of December 30, 2014 for the amount of \$22,294.54 and the Warrant of January 5, 2015 for the amount of \$37,030.20. Selectman Folsom seconded the motion. VOTE: 4-0

Dwayne stated that he may request to do a meeting on January 27<sup>th</sup> to just discuss the budget. He will see how the next meeting goes first.

**8. Adjournment:**

Selectman Cowan motioned to adjourn the meeting at 8:40 pm.

Respectively submitted,  
Susan Niehoff, Stenographer

Original to Town Clerk

Chairman: Paul Danforth

Selectman: Charles Galemmo

Selectman: Elaine Folsom

Selectman: Gregg Drew

Selectman: Wendy Cowan