

Budget/Finance Committee and Board of Selectmen
2004-2005 CIP Meeting Minutes
Monday, January 12, 2004

Attendance: Rolf Olsen, Chairman Budget/Finance Committee; Coleen Laprise; Wayne Holmquist; Suzanne Brockelbank; Jane Jordan; Louise Murray; Charles Leavitt, Selectman; Betty McDermott, Selectman; Elizabeth Cummings, Finance Director; Nathan White, Road Commissioner; and Don Willard, Town Manager.

1. Call to order. Rolf Olsen called the meeting to order at 7:03 pm at the Town Office. He announced that the official minutes for their previous meeting with the School Committee on January 5, 2004 would be those taken by the School Committee acting secretary Norma Richard.
2. Discussion of the 2004-2005 Capital Improvement Program Budget.

DISCUSSION: Mr. Olsen opened by saying that they would not be taking any formal action tonight on the CIP but would have it included with the entire town budget. Mr. Willard asked whether the Committee would consider a heavy investment in the town's roads this year. He said that this year's budget amount was not keeping pace with the roads' deterioration. He felt that a total CIP of \$803,516 should be included in the draft budget but realized that it might not be possible to fund. Because of this 6% budget cap the amount for roads is less than it has been in years past. He also said that the amount originally included for the revaluation was cut so that CIP revaluation reserve account is lower than expected as well. Mr. White noted that the CIP includes \$275,000 for paving and the payments on trucks. He wanted to add a new backhoe with the purchase price to be added over three years and a new used dump truck for the future.

Mr. Olsen asked if the revaluation is passed at town meeting will the project begin this year. Mr. Willard answered that it is hoped that a contract will be signed at the Selectmen's next meeting January 20th and work to begin immediately. Mrs. Cummings asked when the State mandate would come in. Mr. Willard replied that Raymond is likely under the 70% valuation now but the State might not pressure Raymond for a new revaluation for a couple of years. He added that the reval could be financed any way they desired. Mr. Olsen asked the completion date. Mr. Willard replied 2005. Mr. Holmquist asked about State penalties for not having it done. Mr. Willard said that he hadn't investigated that scenario but towns don't allow that to happen. It's to the town's best interest to do a revaluation. He said that the last complete reval was in the late 1980's. The current practice for waterfront type towns is to have one every 4 to 6 years. Mr. Holmquist noted that there was a 13.9% increase in the price of homes in Raymond this year. Mr. Olsen believed that the population's fear is that if the mil rate drops the town will increase its spending to keep it at the current mil rate. Mr. Leavitt warned that the

longer time spent without doing repair work i.e. roads, the more work will have to be done and the price won't decrease from year to year.

There was discussion about hiring an outside assessor for the reval or doing it in house. Mr. Willard explained that an outside assessor is deemed more objective and doing the job in house takes more than one assessor plus the work would take them away from their day to day work. It was noted that the median income of Raymond residents continues to increase and is currently the tenth highest in Maine. The effect of the property assessment for the town and the level of mil rate are not understood by the majority of the taxpayers. They assume that if their value increases, their tax bill will also. The considered property tax relief being proposed by citizen's petition will only force the towns to get their revenues from user fees and/or make deep cuts in the budget.

Mr. White explained that road work in the new budget is doing some culverts and ditching on Plains Road in partnership with the Conservation Commission to keep runoff from getting into Crescent Lake; also Carriage Road would get an overlay of asphalt. Mr. White continued that the budget is \$150,000 under what is necessary this year. Mrs. Brockelbank asked if there was a priority list for roads. Mr. White replied that a list had been maintained from years ago but the work is moving slowly. In the last few years the town has repaired roads if there were many complaints and after that considering its condition and traffic capacity determined its need. He also said that oftentimes repair work has been temporary in nature because there isn't enough money to do it to permanent standards. Mr. Olsen noted that most taxpayers don't see the problems in Raymond unless they happen to live on a substandard road. The state roads are in acceptable shape and those people who use them primarily think that Raymond's roads are fine. Mr. Willard added that the secret of road improvement is in upgrading the drainage and not just overlaying the surfaces. He said that pavement life is about 15 years, and we have 40 miles of roadway to maintain. Mrs. Brockelbank asked for a list of roads and their condition. Mr. Olsen said that a road inventory was in the budget two years ago but was cut.

Mr. Willard said that they were facing a major challenge in bringing in a budget with a 3% to 6% increase only. He also added that last year a high level of undesignated surplus was used so this year there won't be as much help with any budget increase through that means. Mr. Holmquist believed that Raymond needs a reserve account to cover the revaluation. Mr. Olsen replied that the budget contained one but the \$68,000 in the last budget was cut. Mr. Holmquist suggested bonding it over 10 years. Mr. Olsen noted that the CIP was intended to do that so that Raymond wouldn't have to pay interest. Mr. Leavitt expressed the need to find creative ways to "sell" the ideas in the budget i.e. the revaluation. He wondered if that amount could be taken beside the regular budget as a stand alone item. He felt that items would pass if the people understood a good reason for it and that the money was for a specific need. He asked what Mr. Willard felt was the percentage of increase in the new budget. Mr. Willard felt that the "bare bones" budget might come in at 6%. Mr. Olsen estimated that a bond for the revaluation at \$102,000 for two years might be \$45,000 for five years with a cost of \$20,000 for interest.

Mrs. Brockelbank asked what the extraordinary expenditures were for this year. Mr. Willard replied the bond for the Public Safety Building, fire/rescue equipment, the revaluation, and roads. Mr. Holmquist asked what might be done for increase in revenue. Mr. Willard said the fee schedule had been updated last year and is for the most part comparable to neighboring towns, and the State regulates income like excise tax and revenue sharing.

Mrs. Jordan asked Mr. White if the purchase of a used dump truck was in the town's best interest. Mr. White replied that it was because it would be used in the summer only. However, a plow truck purchase would be best new because it would be used heavily. Mr. Willard added that they were trying to be creative in purchasing items from State surplus etc.

Mrs. Cummings noted that the general CIP reserve of \$25,847 could be used for the revaluation. Mr. Willard added that the small reserves from our large completed projects could be used i.e. the Route 302 Project.

Mr. Holmquist felt they should plan ahead for possible problems at town meeting. The public must understand that denying some problems will increase the problem and the cost to fix it. We need more input in how to increase income and lower cost by those who don't want to spend more. He also felt that if the Comprehensive Plan doesn't allow for expansion of income in the town then we've got more problems in the future.

Mr. Leavitt hoped that the line items would be considered this year instead of stopping discussion of why the expenditure is necessary. Mr. Willard didn't see the public accepting a higher mil rate. Mrs. Murray asked what our undesignated surplus was now. Mrs. Cummings replied \$1.4 million. Mr. Willard added that this was less than recommended by the auditors of up to \$2.5 million. Mr. Olsen said that the schools didn't hold surplus money but if there was any it would revert to the town. Mr. Leavitt asked for a discussion of Article 20 which is the traditional article to allow the school department and the town to move funds across budget lines. Mr. Olsen said there would have to be a dollar amount which would not put an account into the red and it would have to be approved at a regular School Committee or Selectmen meeting. Mr. Leavitt felt that requested amounts transferred should be limited to a certain amount or percentage of the whole. In this way there would be credibility for a line item in the budget.

Mr. Holmquist questioned the schools' process in its bookkeeping. He asked to receive a copy of the 2003 auditor's letter. He felt that if the accounts can't be maintained by the school, then maybe it should be done by the town's financial office. Mr. Leavitt felt that budgets and their preparation need to be consistent. There was discussion of possible shared services like we're doing with plowing and technology. Mr. Willard said that this year the values of shared services would be defined and amounts given. Mr. Holmquist requested uniformity of codes. Mr. Willard noted that cooperation with the school would be sought.

3. Minutes from November 25, 2003

MOTION: Jane Jordan motioned to approve the minutes as written. Seconded by Louise Murray.

VOTE: Unanimous.

ADJOURNMENT: Rolf Olsen adjourned the meeting at 8:40 pm.

Louise H. Lester
Town Clerk