

WISCASSET BOARD OF SELECTMEN
SEPTEMBER 11, 2008

(Tape recorded meeting)

Present: Bill Curtis, Phil DiVece, Bob Fairfield, Chairman David Nichols, Vice
Chairman Nicole Viele and Town Manager Arthur Faucher

1. Call to Order

Chairman David Nichols called the meeting to order at 10 a.m.

2. Deciding on a municipal mill rate for 2008

Assessor's Agent Sue Varney presented information to the board on the difference in valuations between 2007 and 2008 and reasons for the difference. She also presented several scenarios indicating the TIF exemption and overlay amounts at various mill rates using no funds from surplus or reserves.

Treasurer Jim George recommended taking no funds from surplus. He said the town spends \$350,000 per week and if half of the undesignated funds balance is used to reduce the mill rate, the town will have only a two-week reserve. He said in the past the board was criticized for not using the money in the Edward Jones account, that it belonged to the people of Wiscasset, and they should be given the option to choose whether or not to use it.

David Nichols said that the option could be put on the warrant for the open town meeting. Phil DiVece said that last year two-thirds of the voters were in favor of using interest only from the Edward Jones account. A non-binding question was on the ballot in June 2008 regarding the use of funds from the undesignated fund balance to reduce taxes and 569 people voted for it, 222 voted against.

In response to Bill Curtis's question, Jim George said that the auditor had recommended that the town have a three-month reserve and not use the surplus to reduce the tax rate.

Arthur Faucher said that the Edward Jones reserve account balance is currently approximately \$10 million and if funds were taken from this account to reduce the tax rate by one or two mills, the fund will be depleted in ten years. David Nichols said that assuming a 5% rate of return and an annual distribution of \$900,000 the balance will fall below \$10 million by 2010 and will reach \$0 by 2026; assuming an annual distribution of \$1,287,902 (average of last five years), the projected balance will fall below \$10 million in 2009 and will reach \$0 by 2019. Phil DiVece noted that Edward Jones had not guaranteed a 5% return each year and advised not taking any funds from the principal.

Sue Varney presented five scenarios illustrating how the mill rate would be affected if a range of amounts from \$500,000 to \$700,000 were taken from surplus.

Arthur Faucher said there is \$550,000 in uncollected revenue carried over from last year. Liens should be put on properties with overdue taxes that would be collectible on the sale of the property. If this amount were added to the \$1.2 million in the surplus account, the town would have a surplus of \$1.7 million.

Nicole Viele asked whether there could be two questions on the ballot so that voters could choose between taking funds from the Edward Jones account or from the undesignated fund balance. Phil DiVece said the non-binding referendum indicated voters wanted to take money from the undesignated fund balance and he recommended having a representative from Edward Jones and the Town Treasurer available at the town meeting to explain the two options in order for the voters to make an intelligent decision. Town Clerk Sandra Johnson recommended having various scenarios available with different mill rates to help the voters decide.

Bill Curtis moved to set a 13.650 mill rate with \$600,000 from the undesignated fund balance giving a \$66,000 overlay. This will be a 65¢ increase over last year's mill rate. Steve Mehrl recommended that a chart be prepared to be handed out at the town meeting showing the difference in taxes at the various mill rates on a range of property values. **Vote 5-0.**

In response to Phil DiVece's question, Arthur Faucher said all overdrafted accounts had been covered.

The board discussed giving the voters the option of taking funds from the Edward Jones account to reduce the mill rate. **Nicole Viele moved to put a question on the warrant for funds to come out of the Edward Jones reserve account. Vote 5-0.**

David Nichols moved to recommend taking funds from the Edward Jones account to lower the tax rate. Vote 0-5.

Phil DiVece moved to recommend setting the mill rate at 13.650 using \$600,000 from the undesignated fund balance with a \$66,000 overlay. Vote 5-0.

Nicole Viele said it was her intent to indicate that \$600,000 would be taken from the Edward Jones account to lower the tax rate in her motion. David Nichols said that the voters could decide on the amount to take from the Edward Jones account. **Nicole Viele moved to reconsider the motion to recommend taking \$600,000 from the undesignated fund balance.** She said that she agreed with the Treasurer about not taking money from the TAN. **Vote 5-0. Bill Curtis moved to recommend setting the mill rate at 13.650 using \$600,000 from the undesignated fund balance with a \$66,000 overlay. Vote 4-1 (Viele opposed).**

3. Decide on a date and questions for the special town meeting

David Nichols moved to schedule the open town meeting for September 23, 2008 at 6:30 p.m. at the Community Center gym. Vote 5-0. The warrant will be signed on September 16. The commitment will be signed after the town meeting, assuming the voters approve the 13.650 mill rate. If it is different, the commitment will be signed the next day. Steve Mehrl recommended that the voters be given definitions of the Edward Jones account (reserve and endowment) and the undesignated fund balance (surplus) together with the amounts in each account.

4. Other Board Business

(Nicole Viele left the meeting.) Sandra Johnson said that if an article on the school closing is to be on the November ballot, the board would have to make its recommendation at the September 16 meeting in order to make the September 19 deadline. Likewise, a board recommendation for the school consolidation plan will have to be voted on on September 16 if it is to be on the ballot. A hearing was scheduled for that evening (September 11) and it was unclear whether the school committee was going to make a recommendation to be put on the November ballot.

Bill Curtis said that the health/safety conditions in the schools were deplorable and funds should be provided to take care of items such as the rusted water closets in the girls shower room in the high school, the lack of water closets in the boys locker room, the lack of panels on the backs of computers, improvement of the air makeup, correction of the non-conforming riser/slab/ramp at the emergency exit at the middle school, water seepage in the band room, fixing of the emergency exit, and closing of the portable classroom if it is not needed. In the primary school, the water leak in the power distribution center needs fixing and an automatic level indicator is needed for the sewage pump. He said there had been an ADA complaint that would cost an estimated \$50,000 to correct.

Phil DiVece reported on a Department of Taxation workshop on LD1413 on user fees for tax-exempt properties. It has not been determined who is going to set the formula for taxing exempt properties to cover municipal services only, not schools or welfare. He said Wiscasset has over \$42 million in tax-exempt property.

5. Adjourn

Bob Fairfield moved to adjourn at 11:45 a.m. Vote 5-0.