

Memorandum

To: The Selectboard, Chebeague Island
From: Ad hoc Finance Committee
Cc: Viktoria Wood, Town Administrator
Re: Findings of Committee
Date: 05/13/2024

Introduction

The Selectboard formed an ad hoc committee in November 2003 with a five-task charge to be completed by the end of FY24. Committee members are Courtney Wilson, Bill McKenzie and Herb Maine. Carol White is the representative from the Selectboard. This memorandum summarizes the committee's work and presents recommendations to the Selectboard. The analysis of the committee was presented at a public presentation on April 27, 2024. The PowerPoint presentation (available on the committee's web page) included graphs, examples and a flow chart that illustrate the findings given below.

TASK 1 Historical overview of TOCI Budget – Where have we been?

Sources:

Source	Analysis
audited financial statements 2008 to 2022	governmental fund expenses vs. revenues
audited financial statements 2008 to 2022	outstanding debt vs. debt service
real estate tax bills and Tax Commitment Books	Local valuation vs. Mil Rate, 3 example properties- actual taxes paid.
State Revenues Services, State valuation report.	State valuation compared to other towns

Findings:

1. The biggest expense drivers are Education (31% in 2022), General Government (13% in 2022) and Public Services and Solid Waste (12% in 2022). Of the three only Public Services and Solid waste have increased as a percent of the budget over time. Expenses vs. revenues have tracked each other fairly evenly over this time period maintaining a \$200,000 plus net revenue spread.
2. Debt has decreased about 45% between 2008 and 2022, but we know of several looming projects that are likely to be funded, at least in part by borrowing. The three biggest commitments currently on the books in 2023 are: Cumberland (\$978,585) due to be paid off in 2037, the school (\$1,650,000) due to be paid off in 2039 and dredging (\$750,000) due to be paid off in 2043.
3. The total real estate value has increased 179% and the mil rate has dropped 51%. The example properties agree that valuation has increased considerably, and taxes have increased modestly.
4. Chebeague's mil rate was in 2022 (\$12.50) vs. Cumberland's (\$21.20)

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TASK 2 Compilation of Data for Capital Improvement Data - Where are we going?

Sources:

Source	Analysis
Chebeague capital assets	List of Chebeague's Capital Assets - with minimal data.
Town of Pownal Capital Improvement Plan, supplied by the Town of Pownal	Complete list of all assets and project time frame for replacement and replacement cost.

Findings:

1. Chebeague's Capital Assets list is an insurance list that includes item depreciation and minimal data used for capital improvement forecasting.
2. Chebeague needs a more complete list of assets (building roofs, heating systems, public safety equipment).
3. The data that is needed to properly forecast includes the following:
 - a. Complete item description
 - b. Year in Service
 - c. Service life
 - d. Current Replacement Cost
4. The Town of Pownal shared their Capital Improvement Plan with the committee as a potential template for Chebeague. Pownal's plan is a comprehensive planning tool that forecasts financial details 15 yrs out and provides a comprehensive list of when the town will need to replace an asset, the replacement cost, whether it needs to be bonded and when to start saving funds to replace the asset.

TASK 3 Development of a Draft Capital Improvement Plan

TASK 3 was to be completed as time allowed. While the Committee didn't take this up specifically, a future standing committee may find that the Pownal workbook provides all the structure necessary and, with some customization, it may be all that it required to meet the needs of the town of Chebeague Island.

Sources:

Findings:

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TASK 4 TOCI Finance Standing Committee

Sources:

Source	Analysis
Websites for selected Maine Municipalities	Parameters of finance or budget committees
Phone and Email conversation with Long Island Vinalhaven and Pownal.	Administrators or committee chair soliciting information
Town of Chebeague published documents	Chebeague's current process
Selectboard meeting attendance	Chebeague's current process

Town	Pop 2020	Committee	Size	Criteria	Selection
Chebeague Island	341				
Long Island	234	Finance (bylaws)	9	None	appointed by Selectboard
North Haven	417	Budget (ordinance)	5	Registered Voter	elected
Penobscot	1,136	Finance (charter)	9	"Domiciled"	6 elected, 3 appointed.
Vinalhaven	1,279	Budget (ordinance)	5	Registered Voter	appointed by Selectboard
Pownal town	1,566	Budget	5	unknown	unknown
Franklin	1,567	Budget (bylaws)	9+	None	all officials, 6 appointed, quorum of 9
Brooksville	935	Appears to be None			
Islesboro	583	Appears to be None			
Roque Bluffs	296	Appears to be None			
Swans Island	355	Appears to be None			

Findings:

1. All committees were formed by bylaws, ordinance, or charter (Town meeting or Town Council)
2. The limits of authority were explicitly or implicitly advisory only.
3. The size of committees was between 5 and 9(+). Newer committees were 5.
4. If membership criteria were established, it was usually "Registered Voter"
5. Committee's duties included Review of budgets, Town Meeting Warrants and Capital 'items' (or 'expenditures').
6. The current process could benefit from more attention both earlier in the process and to capital planning and more structure to the budget and capital requests (such as a request form).
7. A committee might be able to add efficiency to the budget process by reducing the number of meetings that the Selectboard needs to effectively create a budget.
8. A committee might be able to expand the breadth and depth of the process by expanding some steps such as researching funding options, especially for capital projects.

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TASK 5 – Public Outreach

The committee held a public presentation on April 27, 2024 with about a dozen members of the community in attendance. A 30-minute PowerPoint presentation delivered by the committee members showed the approach to the defined tasks and results of searches, analysis and committee deliberations and solicited comments from the public.

Eight members of the public participated in discussion moderated by Selectperson Carol White:

1. Comments, as voiced, were unanimously in favor of forming a budget or finance committee.
2. One person suggested having separate committees for Budget and Capital Planning citing other towns such as New Gloucester.
3. Several people thought that the process concepts discussed made sense and might provide more transparency, especially regarding capital projects.
4. More than one person felt that if membership criteria included being a registered voter, that some representation on the committee from the at-large community would be beneficial. And at least one of those suggested that a hybrid or all on-line format could facilitate that.
5. One person suggested that such a committee would be a possible 'training ground' for future Selectboard members given that finances are a critical role of the board.

The Moderator invited the Town Administrator to speak, The Administrator spoke in favor of forming a budget or finance committee. Such a committee might be useful in researching questions that arise in the operational budget. Perhaps a focus, at least initially, should be capital planning. The Administrator also suggested that integrating a committee into the current process would best be done collaboratively after the committee was formed.

Recommendations

The committee recommends that:

1. The Selectboard form a committee with a general charge.
2. Committee structure for consideration
 - a. 5 members 4 registered voters and 1 at large member
 - b. Include a Selectboard ex-officio member
 - c. Include a Superintendent or a School Committee ex-officio member
 - d. The Town Administrator ex-officio member
3. First-Year Duties for consideration
 - a. Refine the Capital Inventory
 - b. Draft guidelines for using and maintaining the Capital Inventory
 - c. Meet with the Selectboard to determine integration into the current process
 - d. Meet with the School Board to determine integration into current process
 - e. Make recommendations relative to forming a standing committee.
4. Bring an ordinance to the 2025 Town Meeting to form a standing committee.