# TOWN OF CHEBEAGUE FINANCE COMMITTEE MEETING NOTES BY OTTER AI

**Town of Chebeague Island – Finance Committee**
**Meeting Title:** Finance Committee 1-6-26
**Date:** January 6, 2026
**Location:** Public Meeting (with some remote participants)

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### 1. Call to Order & Public Input

Chair **John R** called the meeting to order and opened the floor for public input on items not on the agenda.

- **Mark Dyer** noted he would have a question later regarding the *final total recommendation* to the Select Board.

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### 2. Asset Lists & Replacement Plans – Department Responses

**Andrew** reported:

- Responses received from **all departments**, with varying levels of detail.
- Some assets (especially Public Works) are in the database without assigned replacement years where no replacement is currently intended.

**Direction:**

- **John R** referenced last May's spreadsheet (organized by **reserve account**, with inflation, replacement dates, and annual reserve-need logic) and asked Andrew to update/replicate that model using the new data.
- Committee emphasized:
    - Need for **regular (annual) review** of asset lists and replacement years.
    - Distinction between **replacement** vs **ongoing maintenance** (e.g., buildings, roads).

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### 3. Clarifying Maintenance vs Replacement & Reserve Strategy

Discussion led by **Chip E**, **John R**, **Herb**, **Andrew**, and **Vika**:

Key points:

- Some assets (roads, school, floats) are **maintained**, not replaced outright.
- Municipal guidance suggests a **percentage of building value** for annual maintenance funding.

- **Andrew** intends to focus data on **replacement costs**, not future maintenance expense modeling.
- Maintenance still draws from **reserve accounts**, so reserve funding must reflect both replacement and major maintenance.

On **roads**:

- Current planning assumptions include:
  - Roughly **$140k–$150k per year** for upcoming road work (FY27, FY28, etc.).
  - A larger cycle of about **$250k every three years**.
- Committee recognizes these are **ballpark estimates** and must be refined.

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**4. Capital Purchase Request Forms & Process**

**Vika** reported:

- Fire Department submissions include several requests (e.g., **$62,000**, **$300,000**, **$50,000 ambulance stretcher**) with "needed in service" dates (2026–2027 and ASAP).

**Herb**:

- Has **four completed project request forms** (e.g., coastal waters) but needs guidance on:
  - **Prioritization and scheduling** (usage & safety are primary criteria).
  - How expected completion year should factor in when funding reality and manpower are constrained.

**Discussion / Emerging Process:**

- Departments should:
  - Use **project request forms** for all significant capital items.
  - Include **priority ranking**, expected in-service year, and (where feasible) **supporting quotes** or web printouts.
- Finance Committee role:
  - **Aggregate and analyze** all forms.
  - Present a **prioritized, costed capital picture** to the Select Board, not just raw lists.
- Select Board role:

- **Set town-wide priorities** among departments and determine what to fund.

**Custody of Forms & Data:**

- **Andrew** proposed as **keeper of reserve-account-linked data**, with forms ultimately feeding the central asset/reserve database.
- Forms to be stored in **Basecamp** and also integrated into town's broader records.

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**5. Role of Finance Committee vs. Select Board**

**Jim H** asked whether the Committee's role is:

1. To make **specific capital recommendations**, or
2. To **organize information** for the Select Board.

**Consensus (John R, Chip E, others):**

- Finance Committee will:
  - Develop a **capital plan framework**, including:
    - Project priorities (as best understood).
    - Bond vs reserve funding concepts.
  - Provide **specific recommendations where appropriate** (e.g., size of bonding capacity, minimum annual capital funding).
- The **Select Board** will:
  - Provide final guidance on **priorities** and **what to actually fund**.

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**6. Presentation for Upcoming Capital Workshop**

There will be a **Capital Budgeting Workshop** next **Wednesday**.

**Actions & Direction:**

- **Chip E** has drafted a presentation structured as:
  - **The Good, the Bad, and the Ugly** of capital needs, reserves, bonds, and tax impacts.
- **Jim H** and **Jay C** advised:
  - Keep the **revaluation section** short, principle-based:

        - Emphasize **fairness/equity**,
        - Possible **circuit breaker/tax relief** options,
        - Awareness of existing **state tax relief**programs.
    - Avoid getting bogged down in revaluation **mechanics** during this workshop.

**Due dates:**

- Committee members to **review the draft presentation** and send comments to **Chip** by **Friday, January 9, 9:00 AM** (or equivalent nearest date per calendar).
- Target to have a **near-final slide deck by Monday**(two days before the workshop) so it can be posted to the **town website**.

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**7. Capital Reserve Policy & Use of Undesignated Fund Balance**

**John R** reviewed:

- FY26 total capital (reserves + bonds) ≈ **$1,272,000**.
- Belief that the town can comfortably handle about **$10M in new bonds over 3–5 years**, if:
    - The town **maintains at least that $1.272M (plus inflation and ~3% real growth annually)** for capital.

**Jim H & Chip E** stressed:

- Large **bond-funded projects** (e.g., Stone Wharf, Wharf Road, South Shore Drive, possible public safety building) must be understood **alongside**:
    - The ongoing **smaller capital replacements**that should be paid from **reserves**.

**Undesignated Fund Balance:**

- **Vika** reported:
    - Current undesignated fund balance ≈ **$915,000**, higher than previously expected, largely due to past **accounting and journal-entry errors**.
    - Some of this will be adjusted via **special town meeting warrant articles** to correct specific reserve accounts.
- Committee discussed:

- Adopting a **policy** that any undesignated balance **above the target (e.g., 16–24% of budget)** should be transferred to **reserve accounts**, **in addition to** the regular annual capital allocation (not as a substitute).
- Possible near-term use of **undesigned fund balance** towards **South Shore Drive**, to avoid or reduce new taxpayer-raised funds.

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**8. Reserve Accounts Structure & Flexibility**

**Topics:**

- Whether some reserve accounts (e.g., **Town Office**reserve) should be:
  - Renamed or repurposed (e.g., broader **Public Service Building** reserve).
  - Consolidated or accompanied by a **more flexible general capital reserve**.
- **Vika** relayed advice from **Mark Roy**:
  - Creating a **designated general ledger account**(within the General Fund) for certain types of contracted services can provide **flexibility**while preserving transparency and Select Board oversight.

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**9. School Capital Planning**

**Aaron** (school) reported:

- He has been building a **parallel capital tracking tool** for school assets:
  - Includes **target dates** and **replacement costs**.
- Next iteration will better align with the **municipal reserve-account framework**.

Committee sentiment:

- The **school's work** should be briefly highlighted in the public presentation so residents see that school capital is being planned **in parallel**, even though the Finance Committee has focused mostly on the **municipal** side.

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**10. Motions**

1. **Approval of Minutes**
   - **Motion:** To approve the minutes of the previous Finance Committee meeting.

- **Moved by:** [Unstated in transcript; assumed committee member]
- **Seconded by:** [Unstated]
- **Vote:** 4 in favor, 0 opposed, **1 abstention (Ben)**(who had not yet reviewed them).
- **Result: Motion passed.**

2. **Adjournment**
   - **Motion:** To adjourn the meeting.
   - **Moved by:** [Unstated]
   - **Seconded by:** [Unstated]
   - **Vote:** Unanimous voice vote.
   - **Result: Meeting adjourned.**

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**11. Action Items & Dates**

1. **Update Asset/Reserve Spreadsheet**
   - **Task:** Refresh last May's spreadsheet (by reserve account) with current asset data, replacement years, costs, and inflation logic; generate annual reserve funding recommendations.
   - **Assignee: Andrew**
   - **Due:** Before next Finance Committee capital-planning session (and in time to inform the workshop presentation).
2. **Maintain Reserve-Linked Database & Store Forms**
   - **Task:** Serve as **keeper** of reserve-account data; integrate project request forms into the database.
   - **Assignee: Andrew**
   - **Ongoing.**
3. **Submit Coastal Waters Example Forms**
   - **Task:** Send completed **coastal waters** project request form(s) as examples and finalize additional forms once prioritization guidance is clarified.
   - **Assignee: Herb**

- **Due:** Prior to or concurrent with next round of form review by Finance Committee.

4. **Revaluation Slide Content**
    - **Task:** Draft concise **revaluation slide text**(fairness, revaluation rationale, circuit breaker/tax relief principles) and send to Chip.
    - **Assignee: Jim H** (in coordination with **Jay C**, if desired)
    - **Due: By Friday, Jan 9, 9:00 AM**.
5. **Draft & Finalize Capital Presentation**
    - **Task:** Incorporate comments into the slide deck and prepare near-final version for posting and for the **Capital Budgeting Workshop next Wednesday**.
    - **Assignee: Chip E**
    - **Comments Due: Friday, Jan 9, 9:00 AM**
    - **Near-Final Deck Target: Monday, Jan 12** (two days before workshop).
6. **School Capital Statement/Materials**
    - **Task:** Provide a short statement (and any helpful visuals) about the school's capital tracking/plan for possible inclusion in the presentation.
    - **Assignee: Aaron**
    - **Due:** Before Chip finalizes the deck (by **Monday, Jan 12**).
7. **Collect & Organize Capital Requests**
    - **Task:** Collect capital purchase requests from departments (including Fire, Roads, Coastal Waters), verify due dates, and organize for Finance Committee review.
    - **Assignee: Vika**
    - **Ongoing**, with current cycle aligning to **Capital Workshop next Wednesday**.
8. **Coordinate with Mark Roy & Special Town Meeting**
    - **Task:**
        - Ensure **Mark Roy** attends the **Select Board meeting at 5:00 PM Wednesday** (prior to the workshop) to explain accounting corrections, reserve account adjustments, and the special town meeting warrant language.
        - Prepare related materials for Select Board and public.

- **Assignee: Vika**
- **Date: Wednesday, Jan 14, 5:00 PM**(immediately before capital presentation).

9. **Undesignated Fund / Policy Recommendation (Follow-up)**
    - **Task:** Draft a **proposed policy** (for future consideration) recommending that, once the town's undesignated fund is above the chosen target range, the excess be transferred to **capital reserve accounts** in addition to the regular annual capital allocation.
    - **Assignee: Finance Committee (lead: John R)**
    - **Due:** For discussion at a future Finance Committee and then Select Board meeting (date TBD, but ideally before FY27 budget cycle).

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**Next Known Dates:**

- **Select Board Meeting with Mark Roy:**Wednesday, **5:00 PM**, prior to workshop.
- **Capital Budgeting Workshop (Public): Next Wednesday evening** (following the Select Board session).