

**Town of Chelsea
Board of Selectmen Meeting Minutes
December 14, 2011**

Executive Session:

Selectboard members present included Linda Leotsakos, Michael Pushard and Benjamin Smith. Town Manager Scott Tilton, Ron H. R. Smith, CPA, CFE and Vernice H. Evasius from RHR Smith & Company and Stephen Langsdorf, Town Attorney.

➤ A motion was made by Ben Smith that was seconded by Mike Pushard to go into Executive Session to enter into discussion on a legal matter with Town Counsel in accordance to 1MRSA Subsection 405(6) (E). Vote was unanimous. In at 5:42 PM.

➤ A motion was made by Mike Pushard that was seconded by Ben Smith to come out of Executive Session. Vote was unanimous. Out at 6:27 PM.

No action was taken.

Regular Meeting:

Call to order:

Chairperson Linda Leotsakos called the meeting to order at 6:32 PM.

Selectboard members present included Linda Leotsakos, Michael Pushard and Benjamin Smith. Town Manager Scott Tilton, Ron H. R. Smith, CPA, CFE and Vernice H. Evasius from RHR Smith & Company, was present along with about seven (7) residents and members of the public.

Consent Agenda:

- A. Approve Payroll Warrant # 28 in the amount of \$5,557.43.
- B. Approve Accounts Payable Warrant # 27 in the amount of \$184,059.01.
- C. Approve Board of Selectmen Meeting Minutes of November 30, 2011.

➤ A motion was made by Ben Smith that was seconded by Mike Pushard to approve Consent Agenda items A, B, and C as written. Vote was unanimous. Motion carried.

Public Comment on Items not part of the Agenda:

The soda machine at the Hallowell Road Fire Station has been unplugged and the next CMP bill has not arrived to see if the amount of electricity used there has remained at the same increased level.

The fire rescue unit is going to be stored inside at the Fire Station. An appraisal is being done to determine its value 'as is' and after being fixed. The unit may be repaired or sold. There is an interested party in Alabama that is willing to purchase it 'as is'.

Scheduled items:

A. New Business:

1. Ron H. R. Smith, CPA, CFE and Vernice H. Evasius from RHR Smith & Company were present to review and answer questions regarding the **2009-2010** Chelsea Financial Audit. Ron Smith explained that any money designated for education has had a carry-over and that, by state law, has to be committed for education. The 'over-budgeting' for Chelsea's portion of School Union 133 (prior to the SVRSU#12) has helped cushion the town's budget. The balance, when the town considers the 2012 – 2013 budget, will most likely be consumed because the town 'used' the funds to keep property taxes from increasing.

The lack of an adequate Undesignated Fund Balance was discussed. (At the August 14, 2011 BOS Meeting Scott Tilton suggested that it is standard practice for a town to carry a minimum of two (2) months of operating expenses in an undesignated fund.) Ron H. R. Smith used a \$3,000,000 budget to demonstrate what should be put aside in an undesignated fund balance;

for 30 days	the amount should be 8%	\$240,000.00
60 days, etc.	16%, etc,	\$480,000.00, etc.

Scheduled items:

A. New Business: continued

Ron H. R. Smith, mentioned that the Town of Chelsea has about 10 days of operating budget available. Over the past three (3) years, the town has been taking steps to correct this problem and the financial outlook has improved.

Linda Leotsakos asked Ron H. R. Smith why the letter dated June 15, 2011 in the Annual Town Report is not the same as the letter received with the audit that dated June 15, 2011 received in September 2011. The date on the letter with the audit reflects the last day of fieldwork. Ron Smith stated there were no discrepancies found in the data since June 15, 2011 that warranted a new letter (opinion that it is certified).

The financial data that has been reviewed for fiscal year 2010-2011 is correct and can be used to begin planning for the new budget. When the 2010-2011 Chelsea Financial Audit is complete, Ron H.R. Smith would be glad to return to a Board of Selectmen Meeting to answer questions.

2. The Year-to-Date Expense and Revenue Summary Reports were briefly reviewed and discussed.

B. Old Business:

1. Town Manager, Scott Tilton brought a new Investment Policy to the Board of Selectmen for review. He feels this one is clear and complete and recommends this policy rather than the policy that was considered on November 30, 2011 for 1st reading. Linda asked that the Board of Selectmen review this new policy for 1st reading and act on it at the December 28, 2011 meeting.

Tim Coitrone suggested that more than one (1) financial institution be used for investing when the amount invested exceeds the FDIC insurance level of (250K). The manager explained that additional funds above the FDIC insurance level are collateralized by other investments purchased by the financial institution or covered by a letter of credit from the Federal Reserve Bank. He also asked how much money is covered by the bond for town personnel. Scott Tilton is looking into the answer.

2. At November 30, 2011 BOS Meeting, Scott Tilton discussed using KVCAP to distribute the funds designated for Chelsea resident heating assistance, previously referred to as the "Chelsea Cares" Program. Many questions remained surrounding use of these funds. It is the opinion of MMA that the Town of Chelsea would need to have a Town Meeting to approve using KVCAP to distribute the funds. Scott brought the Policy for Use of Discretionary Heating Fuel Fund back to the Board of Selectmen for reconsideration.

➤ A motion was made by Ben Smith that was seconded by Mike Pushard to approve the Policy For Use of Discretionary Heating Fuel Fund (as amended December 8, 2011) with DHS to DHHS correction. Vote was unanimous. Motion carried.

3. Town Manager, Scott Tilton brought a Town-Wide Real and Personal Property Revaluation Request For Proposals (RFP) including the Town of Chelsea, Maine Tax Equalization Program Standards For Proposal to the Board of Selectmen for review. The sealed proposals must be received in the Chelsea Town Office no later than 2:00 PM, February 10, 2012. The date was changed from March 2012 to allow more time for budget preparation.

Mike Pushard is concerned about revaluation contractors requesting property loss and balance sheet information from business owners to complete the revaluation. He feels that the revaluation of business properties should be based on the 'appraisal' of the buildings, etc. not based on its 'profitability'. He is also concerned that the information provided will become public record.

Other discussions included: other business owners at the meeting agreed that the square footage, condition of the property, etc. should be used for the revaluation not how profitable the business is. How will a house be revaluated if a business is run out of the house? In some cases, very little of the business income is actually made at the business address itself. There should be caution using income sheets and reviewing the bottom-line, because some businesses are able to deduct donations, etc. which reduces the final income amount.

The important point to remember is that this process will create a fair and balanced taxation across the whole Town of Chelsea. Apprehension about some parts of the standards should not cause the project, as a whole, to be abandoned.

Scott Tilton was asked if he contacted other towns to ask how they evaluate business properties. Perhaps someone from Maine Revenue Services Consultants who has commercial and industrial property experience would attend a meeting to talk with residents about this process. Linda Leotsakos and Scott Tilton will work on setting up a date for this. Chelsea residents are encouraged to attend these (and all) meetings to give input and participate in the revaluation process.

This item will be on the next Board of Selectmen Meeting agenda on December 28, 2011.

4. Scott Tilton adjusted the Town of Chelsea Charter Development Timeline to reflect the March 26, 2012 Secret Ballot Election of 6 Charter Commission Members. Ben Smith is creating a press release for the Kennebec Journal. In addition to Ben Smith, the two (2) appointed members were pulled from completed applications available at the Chelsea Town Office and on the Town of Chelsea, Maine Website. Ben Smith and Scott Tilton will add timeline information to the Town of Chelsea, Maine Website.

Written Communication:

A. December 1, 2011, a letter was received from Stepping Stones Montessori School thanking the Town of Chelsea for donating the portable classroom from the 'old' Chelsea School that was headed for demolition. Linda Leotsakos appreciated the letter, but stated that it was SVRSU #12 that donated the portable classroom.

Legal Issues:

A. Property Tax Abatements and Supplements:
A property tax abatement application for property on Map 1 Lot 151, owned by David and Lori Brunelle stated that the lot size is not the 26.2 as listed but is 6.77 acres after accounting for Deer Run Rd. that extends through the property. There was a split into Map 1 Lot 151-2 and Map 1 Lot 151-4. Two (2) new property tax accounts will be created.

Legal Issues: continued,

➤ A motion was made by Ben Smith that was seconded by Linda Leotsakos for the Board of Assessors to approve the abatement application for Map 1 Lot 151 to decrease the land value to \$26,339.00, and the Board of Assessors conduct separate evaluations of Map 1 Lot 151-2 \$19, 310.00 and Map 1 Lot 151-4 \$23,930.00. Vote was Linda Leotsakos and Ben Smith in the affirmative. Mike Pushard abstained. Motion carried.

Mike Pushard abstained from the vote because he felt that his friendship with Lori and David Brunelle might be perceived as a conflict of interest.

A property tax abatement application was received from David Coulombe, ABC Self Storage, on Eastern Ave. The small 'log cabin' building and two (2) of the storage units were built before April 1, 2011. The third storage unit was built after April 1, 2011. Linda Leotsakos and Ben Smith are reviewing comparable properties in the area and are not prepared to make a recommendation until more information is obtained.

B. Expenditures from the contingency fund to date are \$ 1,987.50. Funds have been used for cleaning the town office, a new phone switch for the new phone system, and a payment to Vaughn Smith Associates for engineering work regarding wetlands restoration on the Windsor Rd., which ultimately saved the Town of Chelsea the 'penalty fee' from the State of Maine. Scott Tilton requested Board approval to be sure these expenditures follow the intent of the contingency fund, or if any of them needed to be reclassified to another account in the budget. The Board felt that these contingency fund expenditures were appropriately accounted for.

C. Scott Tilton sent the Chelsea Board of Selectmen a letter requesting that uncollectible real estate taxes be written off following the approval for Map 6 Lot 008 for 2010, 2011, and 2012 tax abatements. Taxes were assessed for this one (1) parcel that never legally existed. The property was never part of a split. The property tax abatement was approved at a prior meeting. This is a corrective action to remove the remaining taxes from the list of taxes needing to be collected.

➤ A motion was made by Ben Smith that was seconded by Mike Pushard for the Board of Assessors to approve a write off in the amount of \$1,962.00 (principal) and \$919.19 (costs and interest) from 2008 and 2009 on real estate taxes assessed on Map 6 Lot 008. Vote was unanimous.

Verbal Communication:

A. Town Manager Report.

Roadwork to lower the height of the speed bumps on Beech St. was completed by Ferraiolo Corp.

Shoulder work has been done on the Hallowell Rd to prevent gravel and washout damage to the road and surrounding properties.

The last of the cold patching has been completed for this year. Collins Rd. and Dr. Mann Rd. were recently done.

The Town of Chelsea will be requesting bids from three (3) companies to correct some low shoulders that were identified as potentially dangerous by the Road Advisory Committee.

A additional load of salt has been delivered to the Chelsea Sand/Salt Shed to mix with sand as needed.

Verbal Communication: continued,

Scott Tilton is working on Request for Proposals (R.F.P.s) for a Town Attorney and Auditing Services.

The Town Manger and Fire Chief are looking into an ordinance that will allow the town to recover costs for fire/rescue calls for accidents from insurance companies.

Susan Phelps (Part Time Chelsea Office Clerk) is an authorized motor vehicle and commercial truck agent. Scott would like to have her appointed Chelsea's BMV Municipal Agent so that Commercial truck registrations can be done again in Chelsea. The hours would be limited to the hours that Sue is in the office. The full time Clerk would be attending a truck class in February.

B. Department Reports.

Linda Leotsakos asked if any of the Planning Board Members would be able to help with the 2012 Community Development Block Grant (CBDG) application process. The deadline for the letter of intent to apply is in January 2012. If anyone is available to help with this grant, please contact Linda Leotsakos.

C. The SVRSU #12 is going forward with changes to the Cost Allocation Formula. SVRSU #12 Finance Committee Reports dated November 30, 2011 and December 2, 2011, a Town Contribution Comparison based on Funding Models, and data showing projected Local Cost Allocation Distribution for eight (8) towns with and without the 5% "safety net" calculations were shared with the Board of Selectmen and Scott Tilton. Public Hearings will be set up for public input as we move forward. Each town will vote on the Cost Allocation Formula by either Town Meeting or secret ballot.

D. Mike Pushard discussed the potential gravel pit on Ferry Rd. and asked Rick Danforth if he could recollect some of the details of the agreement with the Town of Hallowell. Rick said he came on as a Selectboard member after the 'deal' was completed. Mark Stebbins, Department of Environmental Protection Bureau of Land & Water Quality, met with Mike Pushard on October 6, 2011 at the site. There are minimal fees and permits required for pits less than 5 acres. Mike is questioning whether the Town of Chelsea would be able to recover road sand for winter use and save the town some money. The town has a contract with Steve McGee for sand, which allows the time necessary to investigate this further. There are still questions around accessing the town property. It may be advantageous to meet with a Forester to look at select cutting the mature wood on the property. Perhaps test bores on the property would indicate whether there is potential to pull gravel, etc. Mining, screening, and transporting the material may prove to be too costly to pursue. Information will continue to be gathered.

Ben Smith reported that the Safe Fireworks Committee had met. January 1, 2012, fireworks would probably be legal in the Town of Chelsea, and the recommendation of a moratorium was discussed. The next meeting will be held on December 20, 2011 at 6:00 PM at the Chelsea Town Office.

Next Board of Selectmen Meeting: December 28, 2011 at 6:30 PM in the Chelsea Elementary School Cafeteria.

Adjournment:

➤ A motion to adjourn was made by Ben Smith that was seconded by Mike Pushard. Vote was unanimous. Linda Leotsakos declared the meeting adjourned at 9:38 PM.

Approved by the Chelsea Board of Selectmen on December 28, 2011.

Linda Leotsakos – Chair

Michael Pushard

Benjamin Smith