

North Berwick Board of Selectmen Minutes March 19, 2019

NORTH BERWICK BOARD OF SELECTMEN MINUTES

MARCH 19, 2019

Present: Chairman Hall, Selectman Cowan, Selectman Galemmo, Selectman Johnson, Jr., Selectman Johnson, Sr.

Also Present: Dwayne Morin, Rebecca Reed, Mark Reed, Jeannie Provencher

Chairman Hall called the meeting to order at 6:32 pm.

1. Pledge of Allegiance

3. Review and Approve Minutes of March 5, 2019

Selectman Cowan stated that on Page 7, in the 3rd sentence of the 1st paragraph need to change \$079 to \$.079. Selectman Johnson, Sr. stated that on Page 6 in the 2nd paragraph the 3rd sentence reads, "...one is almost 19 years.". It should read, "...one is almost 19 acres.".

Selectman Cowan motioned to approve the minutes of March 5, 2019 as amended. Selectman Galemmo seconded the motion. VOTE: 5-0

4. Public Input

There was no public input at this time.

2. Public Hearing – 6:35 PM – Town Meeting Referendum Questions

Chairman Hall read the Legal Notice into the minutes:

Legal Notice

Town of North Berwick Public Hearing

Tuesday, March 19, 2019 6:35 P.M.

Municipal Building Conference Room #212

Referendum Questions for 2019 Annual Town Meeting

The North Berwick Board of Selectmen will hold a Public Hearing on Tuesday, March 19, 2019 at 6:35 p.m. in the Municipal Building Conference Room #212 pursuant to 30-A MRSA 2528 (5) on the proposed Zoning Ordinance amendments, Licensing for Medical Marijuana Establishments Ordinance, Street Design and Construction Standard Ordinance amendment and

Food Sovereignty Ordinance referendum questions proposed for the 2019 Annual Town Meeting. The ten referendum questions to be presented at the Annual Town Meeting are:

Referendum Question 1: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Dispensaries as set forth in the proposed ordinance in Section 3.1: Definitions, as applicable; Section 5.2.1.2.A: Medical Marijuana Dispensaries; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum Question 2: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to require performance standards as set forth in the proposed ordinance in Section 5.2.1.2.B: Home Cultivation Medical and Adult Use Marijuana?

Referendum Question 3: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Commercial Cultivation as set forth in the proposed ordinance in Section 3.1: Definitions, as applicable; Section 5.2.1.2.C: Medical Marijuana Commercial Cultivation; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum question 4: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Testing Facilities as set forth in the proposed ordinance in Section 3.1: Definitions, as applicable, Section 5.2.1.2.D: Medical Marijuana Testing Facilities; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum Question 5: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Manufacturing Facilities as set forth in the proposed ordinance in Section 3.1: Definitions, as applicable: Section 5.2.1.2.E: Medical Marijuana Manufacturing Facility; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum Question 6: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Retail Stores as set forth in the proposed ordinance in Section 3.1: Definitions, as applicable; Section 5.2.1.2.F: Medical Marijuana Retail Store; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum Question 7: Shall portions of an ordinance entitled “Proposed Zoning Ordinance Amendments” be enacted to allow Medical Marijuana Counseling Offices as set forth in the proposed ordinance in Section 3.1: Definition, as applicable; and Section 5.2.1.G: Performance Standards for Medical Marijuana Establishments?

Referendum Question 8: Shall an ordinance entitled, “Licensing for Medical Marijuana Establishments Ordinance” be enacted?

Referendum Question 9: Shall an ordinance entitled, “An Ordinance Amending Section 2.6.A.7 of the Street Design and Construction Standard Ordinance amending the definition of a Private Road” be enacted?

Referendum Question 10: Shall an ordinance entitled, “Food Sovereignty Ordinance” be enacted?

Copies of the proposed amendment language can be viewed in the Town Clerk’s Office during regular scheduled hours or on the Town’s website: townofnorthberwick.org.

The Board of Selectmen encourages all interested persons to attend this Public Hearing.

There was no input during the Public Hearing.

Chairman Hall closed the Public Hearing at 6:40 pm.

Dwayne stated that the newsletter had been mailed out and everyone should get them today or tomorrow. He stated that he has heard little to nothing regarding Medical Marijuana. He also stated that the legal bill was around \$7,000 for the review costs. He was thinking that it was going to be about \$10,000 so he was glad that it was lower.

5. Unfinished Business:

B. MDOT: Route 9 Paving Project

Dwayne stated that they already voted on this at the last meeting but he forgot to have them sign the paperwork.

A. Budget: Budget FY20 – Final Budget Committee Recommendations

Dwayne stated that it is a 4.8% increase in the budget. However, when you look at the taxation amount, it is only up \$53,000 from last year. He stated that Operations was up 3.9% and Capital is up 9.14%. Dwayne stated that if it is approved as it is recommended by the Budget Committee, it would not increase our tax rate. He estimates that we will bring in about \$120,000 of new value this year. He stated that we usually split this in half which would be about \$55,000. We are only going up \$53,000 so we should have no increase. We have also put our overlay up higher than what it was in years past so we have a cushion. Selectman Galemмо asked how much money was available to help absorb the school budget. Dwayne said that they have about \$250,000. If the school budget does not go up above \$250,000, there would be no increase in the tax rate.

Dwayne stated that our numbers are not out of whack. Selectman Galemмо said that the increases are pretty evenly spread out across all departments. Dwayne said that our biggest increase was our Dispatch, which we knew was going to happen. The other big increase is Winter Highway. He said that we have had 3 consecutive years of terrible winters which have not helped. Dwayne said that this year did not have significant snowfall but we had a lot of

storms. He said that the little storms are worse for us than the big storms because we put out more money for the small storms. Chairman Hall stated that we have had a lot of rain. Dwayne said that, right now, there is an ice cover. The frost is 2 feet deep and until the ice goes away the frost isn't moving. He is concerned about this because our roads are starting to heave now. He said that we need a slow thaw because if we have a fast thaw, there will be a lot of mud.

Dwayne said that most of the budgets were within 3% so there is not one thing that can be pointed out for being really bad. He knew that the Capital was going to go up but we have money in our Reserve accounts to cover the increase in Capital. He did not budget for an increase in Revenue Sharing. It doesn't look there will be an increase. The Governor is only proposing 2.5% instead of the statutory 5%. This would be .5% increase to our town which would be about \$7,000. We would go from \$137,000 to \$144,000. Next year it will go to 3% which is still nowhere near what we are supposed to get. Dwayne said that we should be getting about \$300,000. If we were getting that, it would be significant and we would have a tax decrease.

Dwayne said that they did have to add money to the Police budget. They had not put any money in for training. They had to add about \$4,800 in additional funds for training to send someone to the Academy. Selectman Cowan asked how many officers we currently had. Dwayne said that we had 8 Full time and 5 Reserves. Dwayne said that they decreased the amount for the Library by about \$2,000.

Selectman Galemmo asked how long we have to keep voting on the Canal Street TIF even though there is no money attached to it. Dwayne said that there is actually money attached to it because we give back money. He said that there is no money in the Article because we don't know what the amount will be until we set the tax rate. Dwayne said that we are in year 12 out of 20 right now.

Dwayne stated that overall the budget is pretty good. Our taxation number is one of the lowest increases that we have had in years. We usually hover around \$100,000 every year, but this year we are at \$53,000. This is mainly because our excise taxes are doing very well. Right now, we are at about \$70,000 above last year's number and last year was the best year that we ever had. Selectman Cowan stated that we also had a lot of property tax increase. Dwayne stated that we are going to have some significant building. We had 26 new houses last year. We thought that Real Estate values were going to go up \$3 million and Personal Property was going to go up about \$5 million. Dwayne stated that we do not have a lot of properties up for sale right now. When he looked at it last week, we had 36 properties up for sale.

Reminders: Next Board of Selectmen's Meeting – April 2, 2019 – 6:30 pm Municipal Building

6. New Business:

A. Town Meeting: Sign Warrant, Referendum Questions, Appoint Ballot Clerks

Dwayne stated that the Board need to vote on the Warrants before signing them.

Selectman Galemmo motioned to approve the Warrants for the Town Meeting. Selectman Johnson, Jr. seconded the motion. VOTE: 5-0

Dwayne stated that they needed to vote to appoint the Ballot Clerks for the Town Meeting.

Selectman Galemmo motioned to approve Lisa Corcoran, Karen Cordier, Linda Pedersen and Gretchen West as Ballot Clerks for the Town Meeting. Selectman Johnson, Jr. seconded the motion. VOTE: 5-0

B. Investment Policy: Review Amendments

Dwayne stated that he has been looking to find how we can get additional revenues for the community. In the past couple of years, the interest rates have been very low. Our average yield for the past 3 years has been about .3%. He has been negotiating and has met with a few banks. He met with SIS because they really want our business. He stated that Kennebunk Savings Bank is the best for us logistically because we can bring our receipts on a daily basis.

He met with SIS in December and they offered us a product called ICS. Kennebunk Savings Bank had not yet adopted this product. At the time, SIS was offering us a 1% to 1.5% interest rate if we went with ICS. A few weeks ago, they noticed that Kennebunk Savings Bank was offering a new product called the Shore Account. They were giving businesses 1.76% and residential customers 2% up to a maximum of \$2 million. Kennebunk did tell Dwayne that they could move \$2 million over. Dwayne met with the CFO and our municipal contact from Kennebunk about 2 weeks ago. He told them that we need to do something different with our accounts. We have been keeping an average daily balance of about \$3.5 and \$4 million in the bank. He told them that if they were offering 1.7% or 2%, then that is something that the town should enjoy too. The representatives from Kennebunk told Dwayne that if we keep things the way they are now, they will give us 1.25% which is about 4 times more in our interest rate. Last year, we took in about \$15,000 in interest earnings so 4 times as much would put us at about \$75,000.

Dwayne explained to the Board how our accounts currently work. What we have right now is what they call a sweep account. We keep a target balance of \$50,000 in our checking account which will never collect interest. We are not charged any fees such as check fees. Because FDIC insurance only covers \$250,000 of our investments, we have what is called a sweep account which is collateralized. This means that we have a set sum of money in another bank and he requires that they collateralize with the Federal Reserve Bank in Boston. We have \$5.5 million in the Federal Reserve Bank in Boston sitting for us in case Kennebunk Savings Bank was to fail. Every month he gets a receipt from the Federal Bank in Boston saying that we still have \$5.5 million so that if Kennebunk fails we can tap that money. We always make sure that

we are under \$5.5 million. If we have to, he can bump it up and Kennebunk Savings has to buy these securities. There is a cost to Kennebunk Savings Bank to do this. A lot of banks are now going to ICS which stands for Insured Cash Sweep. It is run through an organization called CDARS which is basically a conglomeration of banks. They are very picky about which banks are allowed into this program. CDARS will take our money and invest in \$250,000 increments across the country. Every bank is doing this because it costs less than collateralizing. Kennebunk Savings said that if we go with the ICS product, they would increase our interest rate to 1.5%.

Chairman Hall asked what the down side would be to doing the ICS product. Dwayne said that there really is no down side. He has talked to our accountant and auditor about it. From their standpoint, they are good to go with ICS with Kennebunk. Dwayne said that the main reason is that they are staying with CDARS. He said that if they were doing it on their own, he would be very hesitant. Staying with CDARS program helps out Kennebunk Savings because there are new laws talking about liquidating. Banks have to keep so much cash liquid so this program helps with keeping their cash liquid. It also gives them investments. When they are part of the CDARS program, they get money from other banks for other customers. Selectman Cowan asked if the interest would vary among all of the banks and if they all have to provide a consistent rate of interest. Dwayne said that our bank decides the interest because they are actually investing the money. From our perspective, we want that money liquid.

Dwayne stated that when we passed our Investment Policy back in 2012, we were collateralizing so it states in the policy that all of our money has to be collateralized. If we want to go to the new product, a change in our Investment Policy is required in order for us to go to the ICS product. In the policy under the Collateralization section, it reads, "Collateralization is required on all accounts, and deposits and repurchase agreements. It has to be an amount equal to the excess deposit." We would change it to read, "Collateralization is required on all accounts and deposits and repurchase agreements in excess of FDIC or NCUSIF insurance.". Under CDARS, it is all FDIC insured because they spread our money to other banks. They only put \$250,000 in those other banks so we are always covered by FDIC or NCUSIF insurance.

Selectman Cowan said that they banks are guaranteeing this interest rate. Dwayne said that we would sign an agreement with Kennebunk Savings Bank through CDARS that states how the money will be tracked. They give us a statement every month that tracks all of our money and tells us what the money is going to do. Chairman Hall asked if there was something preventing us from going with a Credit Union instead of a bank. Dwayne said that a Credit Union can't handle our business. They do not have the products that are needed for municipalities. They don't do sweeps and our interest rates would be very bad.

Dwayne stated that the other change to the policy is under the Diversification section. There is a statement that reads, "No more than 75% of the Town's total investment portfolio will be invested in a single security type or with a single investment institution.". This needs to be removed.

Selectman Galemno motioned that we change the Investment Policy to only require collateralization on accounts holding more than the Federal Deposit Insurance rate and that we

eliminate the 75% requirement for diversification of accounts. Selectman Johnson, Sr. seconded the motion. VOTE: 5-0

C. Tri-Town Meeting: Discuss Potential Meeting Dates

Dwayne stated that they are trying to reschedule the Tri-Town Meeting. They were looking at either 4/11 or 4/25. Berwick is meeting tonight to decide which date is good for them. It is Lebanon's turn to host. Hopefully the School budget will be out so they can discuss some things about that. One of the things that they want to talk about is LED street lights. A lot of towns are looking to changing over to LED street lights. It is a significant capital investment. They want to discuss and see if it makes sense for the 3 towns to do it as a group to try and save money.

The Board said that 4/11 would probably be best so Dwayne can attend as well. Dwayne will find out if that works for the other towns and let the Selectmen know.

7. Other Business:

Dwayne stated that, in their packet, was a copy of the State valuation. Our State valuation did go up but what is more concerning is that our Sales Ratio has dropped to 92%. He said that they anticipated that our valuation would go up. It is going up about \$56 million for about an 8% change which is primarily because of Pratt and their new equipment. The 92% Sales Ratio is concerning because once we go below 91%, we can't claim 100% any longer. Once this happens, our \$20,000 Homestead Exemption must be multiplied by that insurance rate. Instead of giving people a \$20,000 Homestead Exemption rate, we would be giving them an \$18,000 Homestead rate because we have to do it by percentages. Also, the State reimbursement to us would change. Instead of 100% they would send us whatever that number is.

The Sales Ratio is driven by what properties are selling compared to what our assessments are. Selectman Galemme asked if this was saying that our assessed value is 92% of sales. Dwayne said that it was so we are under assessing. Selectman Galemme asked why the State did that. Dwayne said that is an equalizer. If everyone was low, then other towns are being taken advantage of. The way the money is shared is that it is shared by percentages. Every dollar that we get from the State such as Revenue Sharing and Schools is based off of our State valuation. If we are at 100% and somebody else is at 60% but the State pays them like they are at 100%, we lose. The State has set standards for us to live by. Dwayne said that 92% is not a bad number and if we drop to 89% it is not a bad number but it does change our reimbursement rates. Selectman Galemme stated that we need to do some kind of reassessment. Dwayne said that he spoke with Craig and asked him what we need to do to stay at between 91% and 95%. Our last reval was done in 2006. He said that our land values seem to be good. Our building prices are the numbers that are off. Building costs have gone up significantly since 2006. We are going to look at changing the building values. It will be a uniform change across the board. It will be small changes. We will change our building tables to reflect more current values. Craig believes it will be about a \$3.00 to \$5.00 increase per square foot.

Dwayne said that the letters have gone out to Mr. and Mrs. Cross on Madison Street to see if we can get them to clean up their property. They did sign for the certified mail. There has been no movement to clean it up so we are seeking a court date right now to enforce the stipulated judgment that they signed back in 2011.

Dwayne said that the other thing that is in their packet are the copies of the letters that are going to the 6 recipients of the Spirit of America Foundation. The letter is inviting them to Town Meeting to get their award. There is also a copy of the Resolution. It will be in color and framed. They will also have a plaque to present to Marty for the dedication.

8. Review And Approve Warrants and Correspondence:

Warrant:	March 12, 2019	- \$	0.00
Warrant:	March 19, 2019	- \$	625,664.47

Selectman Galemmo motioned to approve the Warrant of March 19, 2019 for the amount of \$625,664.47. Selectman Johnson, Jr. seconded the motion. VOTE: 5-0

9. Adjournment:

Selectman Galemmo motioned to adjourn the meeting at 8:33 pm. Selectman Johnson, Jr. seconded the motion. VOTE: 5-0

Respectively Submitted,
Susan Niehoff, Stenographer

Original to Town Clerk

Chairman: Jonathan Hall

Selectman: Wendy Cowan

Selectman: Michael Johnson, Jr.

Selectman: Charles Galemmo

Selectman: Michael Johnson, Sr.