The warrant articles to be put to votes at the 2020 Town Meeting will result in an approximately 13% increase in property taxes if approved as recommended by the Select Board, School Committee, and Budget Committee. While spending on general municipal and educational activities is up only modestly (with a few exceptions discussed below), the fact that the Town has substantially depleted its Undesignated Funds reserves means that a much higher proportion of our “regular” spending must be funded from property taxes.

As you consider how to vote on the various articles, recognize that, in the future, there will be a much closer linkage between total appropriations and property taxes.

Summary of Budget (and Hypothetical Property Tax Implications). As shown in the table below, the total appropriations recommended by the Select Board/School Committee for Town Meeting is $9.7 million, of which $8.0 million would be funded from property taxes.

<table>
<thead>
<tr>
<th>2019 Actual vs. 2020 Recommended Appropriations and Property Tax Funding</th>
<th>Appropriations</th>
<th>Funded with Property Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Municipal</td>
<td>$3,185,885</td>
<td>$3,017,847</td>
</tr>
<tr>
<td>Education</td>
<td>6,073,365</td>
<td>6,501,695</td>
</tr>
<tr>
<td>Third Parties</td>
<td>178,653</td>
<td>178,833</td>
</tr>
<tr>
<td>Total</td>
<td>$9,437,903</td>
<td>$9,698,375</td>
</tr>
</tbody>
</table>

While the Budget Committee agrees with and supports most of the Select Board and School Committee recommendations as outlined in the Town Meeting Warrant, there are several areas in which our recommendations differ or we think more context would be useful as you consider how to vote. These are discussed below.

Select Board and Road Commissioner Compensation and Benefits (Articles 30, 31, 33-35). In 2019, the Town paid health insurance benefits amounting to $31,000 to the Select Board ($19,000) and Road Commissioner ($12,000). The Select Board also received $12/hr. compensation and received, in total, more than $22,000 in wages and other wage benefits.

Because the town was transitioning to a Town Administrator, the Budget Committee voted to recommend these expenditures in 2019, providing time to assess the effects of this move. We asked that the Select Board change their compensation to a fixed stipend in 2020 and they agreed to consider this.

The Budget Committee’s fixed stipend recommendation reflects the practice of other towns in the area. We believe that this method of compensation provides an equal pay structure, more transparency, and a better ability to manage the Town’s cost structure. Under the current policy, Medicare-eligible officials cost the Town much less than
others; if none of the Select Board members were eligible for Medicare, the cost of this health insurance benefit could have been $20,000 higher.

We question whether the Town should provide health insurance benefits to part-time elected officials. We also feel that the $12 hourly rate for the Select Board is not a fair total compensation level. Therefore, the Budget Committee indicated that it would prefer higher wage compensation for the Select Board and Road Commissioner in conjunction with the elimination of health insurance benefits for these elected officials.

However, the articles drafted by the Select Board do not provide for a stipend and, instead, largely replicate the compensation package voted on in 2019 before the Town Administrator was hired. The only change is that the Town would now pay only 80%, rather than 100%, of the cost of Select Board health insurance, matching the benefit plan in place for Town office staff.

**Therefore, the Budget Committee recommends approval of the $12/hr., $20,000 Select Board wage article and, for health insurance, appropriation of $10,000 toward the Select Board’s costs. For the Road Commissioner, we recommend an $8,000 stipend in lieu of Town-provided health insurance.** This would result in the equivalent (approximately) of an $11,000 stipend for each Select Board member—if divided equally among the members.

**GSA Tuition (Article 5).** After initially requesting more than $2,000 per student in increased tuition, George Stevens Academy (GSA) is now proposing a $300 per student increase in “Insured Value Factor” payments from each “sending town,” including Blue Hill. This question will be decided in a referendum vote on Friday, April 3.

**The Budget Committee recommends a “no” vote on this question, for several reasons.** While we recognize that GSA may well need increased tuition to maintain its current programs, we also believe that the short time frame between GSA’s initial request for additional Town funds and our Town Meeting has not provided an appropriate opportunity for a robust and transparent discussion about the GSA budget, its current and future transparency (financial and operational) with sending towns, and whether sending towns will be afforded an enhanced role in GSA governance.

Until these discussions take place and a consensus is reached between the principal sending towns and GSA, we believe it is premature and counterproductive to authorize this payment. Looking forward, however, we expect that the sending towns will support GSA with increased tuition payments (looking much more like the $2,000-3,000 per student initially discussed than the $300 proposed for this year) as part of an agreement that would provide increased transparency and, perhaps, governance rights.

**Town Road Repairs/Maintenance (Article 6).** There has been discussion over the last two years (and more) about the state of our Town roads (as distinct from the State roads that are the major arteries through Town) and the need to substantially increase our spending to rehabilitate these roads, improve their condition and reduce our future costs to maintain and repair them. It appears that we have been under-
investing in our road infrastructure for many years. Therefore, the Budget Committee supports substantially increased spending on our roads.

This year’s Warrant includes three articles related to road repair and rehabilitation: the general repair and maintenance article we vote on each year (this year with a moderately increased amount), a $100,000 article to continue work on Parker Point Rd., and a referendum article to appropriate $250,000 for ditching and clearing brush alongside other Town roads.

*We support all of these articles (totaling $998,100 with our recommended $8,000 Road Commissioner Stipend amount) and, most importantly, encourage voters to keep in mind that, looking forward over the next decade, we may well need to spend something more like $1.1-1.2 million annually to maintain our “good” roads and rehabilitate our “bad” ones.* We believe that planning for this fundamental priority should inform voters’ views on some of the other appropriations requested at Town Meeting.

**Harbor Dredging (Article 7).** The Town finds itself in the unenviable position of having invested $104,000 toward the cost of an Army Corps of Engineers (ACOE) study of the costs and benefits of dredging a channel in Blue Hill Harbor, but $20,000 short of the latest estimate of the cost to finalize the study. The Town will be asked to vote on an appropriation of this $20,000 as an April 3 referendum vote. We use the term “unenviable” because, since the Town originally voted to appropriate $80,000 for the study in 2013, several aspects of the proposed dredging project have become less attractive, making the overall project a more difficult decision than it might originally have been.

The two principal changes (other than the fact that the cost to the Town of the study will be 50% higher than originally planned) are dredging cost and the Town’s share of this cost. In 2015, the total cost of the project was reported to be $1 million and the Town’s share was $100,000. The draft ACOE report reviewed in 2019 showed estimated costs of $3.5 million for dredging a 6’ channel. The Town also learned that our share of this cost will be 20%—with no interest-free loan available. The Town’s share of the dredging cost appears to have risen from $100,000 (with 10% sharing) to $700,000 currently.

In addition, there will be additional costs—100% borne by the Town—for floats, etc. to connect our wharf to the channel/turning basin for all-tides access (estimated cost undetermined as of the date of this report), an additional $250,000 if the channel were dredged to a 7’ depth, and a likelihood that the actual dredging costs will exceed the ACOE estimates.

*While this report has been written prior to the public hearing on the subject, we believe that the increased cost to the Town of the dredging project may well have pushed this project from one that is worthwhile to one that is not justified in the face of other Town spending priorities.*
Third Party Requests (Articles 68-83). This year, the Town requested that all third party requests (all from non-profits), include a standardized form that, among other things, identifies the organization’s mission and services, how it helps the Town of Blue Hill, the basis for its request of the town and other information. We hope that, with all parties providing information on a standardized basis, it will be easier for voters to compare these requests, all of which represent worthy causes.

Most of the third parties requested essentially the same amounts appropriated last year, with the exceptions of the WIC program and the Blue Hill Public Library.

We support the increase for the WIC Program, which is based on a formula reflecting the number of people actually served in Town and, we understand, is applied consistently in their requests of all local towns.

We do not support the requested increase for the Library. While the Library is a treasured resource for our community, we believe that, in the context of our Town’s depleted reserves, future spending increases for roads and education on the horizon, and the substantial increases in property taxes, maintaining the 2019 appropriation amount balances fairness to the Library and to the broader Blue Hill community.

Public Works Position (Article 37). The Select Board has incorporated an appropriation to establish a “public works” position. Their view is that this person can perform some of the outdoor maintenance/cleanup and interior “handyman” work that the Town currently contracts out to third parties, while providing the Town with more control of schedules, quality, and priorities.

We support this article, which appears to have minimal effect on overall spending. But voters should recognize that this year’s appropriation covers only 7/12 of the expected annual cost going forward.

Looking Forward. For the first time in many years, property taxes will closely track our spending appropriations. And, while the Select Board and School Committee have, in our view, exercised due care in managing the Town’s finances overall, we also foresee continued pressure to increase spending going forward. In particular, the increased cost of education (both at the Consolidated School and, likely, at GSA), the need to invest more in the Town’s roads, and, possibly, substantial costs associated with the proposed harbor dredging project will further drive property taxes to higher rates of increase than we have seen in the recent past.

We encourage Town voters to think carefully about their priorities for Town spending, their appetite for further increases in property taxes to fund these priorities, and the effect of property tax increases on those who are already finding it difficult to meet their obligations.

Respectfully submitted,

Town of Blue Hill Budget Committee