

Warrant Committee Meeting Monday, 2 February 2026

- 1. Call to Order/Roll Call:** 6:30 pm by Chair Smith; with Secretary Lopez taking roll call. Fourteen voting members were present at the start of the meeting in attendance, however B. Chaplain could not attend the whole meeting.

Present: T. Bloom, B. Chaplain, C. Chappell, E. Chesler, K. DesVeaux, S. Farrar, J. Kelly, M. Kelly, K. Knopp, L. Lopez, A. Sasner, C. Smith, V. Smith, B. Stillman.

- 2. Opening Remarks:**

Chair Smith explained the Town Staff were attending the meeting to answer questions previously submitted. Chair explained that after the full Committee ended there were several subcommittees that would meet and Town Staff was willing to be present for questions.

- 3. Introduction of Town Staff:**

Chair Smith welcomed Town Manager James Smith, Town Clerk Liz Graves and Finance Director Sarah Gilbert.

- 4. Conflict of Interest (COI):**

Chair Smith explained that at the previous Town Council / Warrant Committee meeting several Committee members informally declared a Conflict of Interest (COI). Before the Committee begins discussions and voting we will have formal declarations which will be carried forward throughout this budget season.

Town Manager gave an overview and reminded the Committee that they will make recommendations not decisions, the Committee is not a legislative or a judicial body so no conflicts are normally recognized. However, in an abundance of caution and concern for the perception of conflict the Committee decided to make formal COI declarations.

J. Kelly moved that Chair Smith has a Conflict of Interest with the Jesup Memorial Library due to her service and position on their Board of Directors. The motion was seconded by M. Kelly.

The motion passed (11 in favor, 1 opposed, 0 abstain).

Chair Smith moved that S. Farrar has a Conflict of Interest with the Bar Harbor Historical Society due to a family member employed with them. The motion was seconded by M. Kelly.

The motion passed (11 in favor, 1 opposed, 0 abstain).

J. Kelly moved that K. Knopp has a Conflict of Interest with Island Connections due to his service and position on their Board of Directors. The motion was seconded by M. Kelly.

The motion passed (11 in favor, 1 opposed, 0 abstain).

Chair Smith moved that B. Chaplain has a Conflict of Interest with Island Explorer due to his summer employment with them. The motion was seconded by M. Kelly.

The motion passed (11 in favor, 1 opposed, 0 abstain).

A motion was made, discussed and withdrawn about possible conflict of interest that J. Kelly has with Island Explorer.

5. Ms. Gilbert reviewed questions submitted by the Committee as follows with assistance from Town Manager Smith:

Note: The questions, answers and discussion material shown below are abbreviated for space. The entire meeting can be reviewed here via recorded video:

https://townhallstreams.com/stream.php?location_id=37&id=72522

Question: Are planning and code fees escalated with staff costs, and are increases reflected in revenue projections?

Finance Director response: Fee schedules are based on administrative cost and may be adjusted by the Town Council. Revenue projections remain conservative due to limited historical data following recent changes.

Question: What wage increases are planned and how are they determined?

Finance Director response: The average planned increase is approximately 3 percent. Variations reflect merit adjustments, longevity steps, education stipends, and licensure incentives. Salary surveys are regularly conducted for non-union employees. The goal is to pay town employees a fair wage. All full-time positions have a job description.

Town Manager response: Wage planning balances cost of living considerations with regional market competitiveness and collective bargaining requirements. The goal is to remain competitive while managing taxpayer impact. There are no grant funded positions.

Question: Regarding the Sustainable Economic Development Coordinator position, what are the roles and goals of this position? Can the need for this position be determined before knowing the outcome of the Sustainable Tourism Management Plan now in progress?

Town Manager response: The position will be needed regardless of the outcome of the task force work. The community wants the Town to be more active in managing tourism in the community. This is an important issue, it is not going away anytime soon, and we will need personnel on the ground to take the lead on many of the initiatives that come out of what the task force comes up with. This is not a new position; it is a new title. We took an existing position that was vacated and we reclassified it, created a new job description so it is within the existing budget.

Question: How does current funding relate to the federal Safe Streets for All grant?

Finance Director response: The original grant covered the planning phase. Current and upcoming appropriations support additional analysis and preparation.

Town Manager response: The grant funded study is nearing completion. Additional work is needed to move from planning to implementable projects. Participation in the program positions the Town to pursue addition/ongoing federal implementation funding and the amount of \$27,000 is budgeted for funding in FY2027 is for instrumentation and may be replaced by new Federal funding.

Question: Where are grants reflected and how is fund balance used?

Finance Director response: Grants are reflected in annual audit (can be found online – go to FY2024, pages 85 and 86 have grants that are spelled out under all Special Revenue Funds) and in CIP where matches apply. Unassigned fund balance represents surplus from prior years and goes to tax relief in the future.

Town Manager response: The Town budgets for priorities first and pursues grants to reduce taxpayer cost. Surplus funds flow into unassigned fund balance and may be used to offset future property taxes while maintaining reserves.

Question: Reports and studies. Are there more details available that describe the reports and studies other than the description on page 20, tab 5?

Finance Director response: Yes. Planning Director Gagnon provided the following information: There will be reports and studies for Sustainable Tourism, you can see we've moved what used to be 2134, 6172, have moved into the 'Reports and Studies'. Also, development of finance tools, tips, impact fees, developer agreements, etc., Stewardship of Resources, development of finance tools, Tax Increment Financing, impact fees, developer agreements, and sustainable tourism. How were these estimates derived for the reports and studies? These reports line up with the Town Council goals and priorities. Can this be funded incrementally over several years like other CIP projects? I would say we are budgeting that way incrementally and I feel we've captured that this year.

Town Manager response: At Tab 1 in your budget books on pages 10 and particularly on page 11, goals for this budget are listed. We have big goals in the council, policy

objectives and then we have actionable goals of how we think we can advance toward those objectives within this budget framework.

Question: How are administrative costs allocated and how is investment income treated?

Finance Director response: Allocations to water and sewer are based on staff time and benefits. Investment income includes operating account interest and bond related earnings.

Question: Regarding general fund revenues which can be found at tab 3, page 4, 1082 Unclassified, line items 4700 and 4702 and this includes \$505,000 of investment interest and \$150,000 gain on investments. The question is, what is that?

Finance Director response: When funds come in, tax revenue is the biggest revenue generator. Those funds sit in our operating account, which is a bank account, and it earns, say, 3.5% interest, but the overflow of those amounts we keep in treasury accounts in accordance with our banking and investment policy. In a lot of these treasuries, we do buy at a discount, so there's market appreciation. This just captures general fund monies, and we also have a money market account that is liquid, that pays a slightly higher rate so we can transfer those funds in for operations, and it can go back toward property tax relief.

Town Manager response: Bond interest is temporary and is proposed to be used for property tax relief rather than new spending.

Question: Can you explain the flows and usage of allocating unassigned fund balances in this budget? How were they created and how and where are they being utilized to offset the current year budget expenses?

Finance Director response: Fund balance is tab two, and the town's fund balance policy is also on our website. In many years here in Bar Harbor, revenues exceed our budget amounts and expenditures come in lower. This surplus we call fund balance. And on tab two, page 1, we really talk about the unaudited, unassigned, a quick definition of that is positive fund balance within the general fund, which has not been classified within the above-mentioned categories, non-spendable, restricted, committed, assigned.

Town Manager response: This is very much the macro picture that I think is the appropriate level for the community to focus on. I think it's very important to understand this concept. It's a very simple mathematical formula. We take total expenses, we minus all other revenues, we end up with property tax rate or property tax commitment. That's the amount that I have to go raise from property taxes. When we're setting our budget, it's an estimate. We estimate our expenses for these programs. We're estimating other revenue sources. If we've done a good job implementing our budgets, our expenses come in less than we budgeted, and our revenues come in slightly more than we estimated. All that excess rolls to that fund balance, and it's unassigned, which means it doesn't have a specific purpose. Now I take that unassigned balance, and I roll it back in at the

beginning of next year's budget because it's another revenue source. It takes us right back to the starting point of taking my total expenses, minus these other revenues of which is a component on designated fund balance.

Town Clerk response: The Town Manager's response is illustrated well in a summary at tab one, on page 3. The 2027 column in the municipal budget section as Manager Smith just said general fund appropriations, more or less all of the expenses, and then CIP, and then less those four other lines, one of which is use of unassigned fund balance gets us net municipal budget. If you want to remember this conversation, turn to this page, and that shows you what we're talking about.

Question: What is the purpose of the insurance reserve as noted on tab two, page 1?

Finance Director response: The reserve covers damages that exceed insurance coverage.

Question: What is the source of cruise related revenue in the general fund?

Finance Director response: Revenue, tab three, page 4, Section 1082 Unclassified, line item 4703, from American Cruise Lines is contractual and not restricted like traditional cruise fees. We will allocate those funds for tax relief.

Town Manager response: We entered into a private contractual agreement with American Cruise Lines. We're not charging them a fee for disembarkation the same way that we historically have done with the other cruise ships that come in on their port calls and disembark wherever they disembark. That frees us up to have more flexibility with how we allocate the funds. Labeling of 'Cruise Ship Revenue' may be revised in future budgets for clarity.

Question: Why are there increases in finance and technology staffing lines?

Finance Director response: Finance has a proposed purchasing agent position that is further explained at tab one, page 1. Technology increases support meeting recording and expanded information technology needs.

Question: What is MPERS 3C IUUAL PD??

Finance Director response: This is Employee Benefits at tab four, page 4 and MPERS is our defined benefit plan, and we had this budgeted in the CIP last year. This is Public Safety personnel changing their retirement plan to the retirement plan that most public safety police officers and dispatch have within the state. .

Question: How is valuation fairness addressed?

Finance Director response: The Town remains within state required valuation ratios.

Town Manager response: The goal is ongoing internal reassessment rather than large external revaluations, to maintain stability and control costs.

Question: Regarding tab four, page 3, are ballot tabulators leased or owned?

Town Clerk response: Equipment is leased through state and direct arrangements depending on election scale.

Question: Are there any remaining restrictions on how much the Parking Fund can be used for property tax relief??

Finance Director response: None.

Question: Why are the YMCA and Jesup treated differently in the written budget than the Island Explorer funding shown?

Town Manager response: These are service partnerships similar to core municipal services. Memoranda of understanding are being developed to clarify relationships. Annual appropriations remain subject to Town Meeting approval, and the committee retains its recommendation role. The town is looking at Jesup, the YMCA and the Island Explorer as providing services that a town would normally have to provide.

Question: The Jesup and the YMCA are both flat funded, but the Island Explorer appears to have an increase.

Finance Director response: The actual dollar amount has stayed the same but in previous years part of the money funding the Island Explorer came from the Cruise Ship Fund, and the rest came from Collaborating Agencies. We have combined those two amounts into one amount at tab seven, page 2 and they will all be covered in the MOU. Formerly an amount was funded through Collaborating Agencies for Down East Transportation and that is not continued.

Question: What is included in contractual services, computer licenses and support listed under each department?

Finance Director response: Expenses include municipal computer software licenses and support, security systems, and professional association dues. Increased licensing costs relate to commercial driver certification for new staff.

Question: Town Council expenses for professional dues and licenses, \$14,000. Is that Maine Municipal Association dues?

Finance Director response: Yes, it is one of the components. The other two are the Maine Service Center Coalition and League of Towns, which is the Islandwide Group that includes Trenton.

Question: Why does the Town appropriation increase differ from the school budget increase?

Finance Director response: The difference reflects use of school carryover funds and tuition revenue. Updated school figures may adjust totals.

6. Closing Remarks/Adjournment:

Chair Smith expressed her gratitude to Town Manager Smith, Finance Director Gilbert and Town Clerk Graves and said the session had been very helpful.

Chair Smith added that there are some different elements of this year's process with the MOU and the cooperating agencies. The Chair encouraged everyone to take notes of your thoughts as we go through the process about what we might want to keep, what was great, what we might want to change for next year. We can collect that all into a discussion at the end of the process and the comments can be folded into the Warrant Committee report at the end of the year, and that can be a more formal set of recommendations from the Warrant Committee as far as our impression of this year's process. I encourage the Committee as you're in the moment to think about what's working well at this point in the process so issues in the middle of the process aren't lost in the shuffle as we continue. Secretary Lopez has submitted a set of minutes, well written and with a fast turnaround, and I'll get those on the agenda for next Monday's meeting for approval. Thank you very much for your answers and feedback.

Chair Smith moved to adjourn the meeting at 8:10 pm.

Respectfully submitted,

Louise Lopez
Secretary, Warrant Committee