

Shawn Moody Interview

- Linda Cohen: Good afternoon, thank you for joining the Executive Committee, which is the governing body for the Maine Municipal Association for interviews this afternoon, we really appreciate having you here.
- Shawn Moody: My pleasure, Linda.
- Linda Cohen: My name is Linda Cohen, I'm the Mayor of South Portland. And we are conducting interviews of all four candidates. We want to talk about the state municipal relationship and try to forge a working relationship with the next governor of the state of Maine. We have allotted one hour for each candidate. So each of our members will be asking you a question, and as we wrap back around on the other end Gary is actually going to come back and ask a second question so don't panic and think we're coming back around for a second [crosstalk 00:01:16].
- Shawn Moody: That's fine, it's what we're for. Appreciate it.
- Linda Cohen: So because we've only allotted an hour and we're trying to be fair to everyone to make sure we stay within that time frame we're asking that you answer the questions as completely but as briefly as you possibly can. The interviews are all being videotaped. They will be shared with our member municipalities, with the general public, and there will be a link on the Maine Municipal website for anyone who wants to go there and watch them there as well.
- Shawn Moody: That's great.
- Linda Cohen: We have people around the table from Kennebunkport to Easton, equaling approximately 350 years of municipal experience total.
- Shawn Moody: Wow.
- Linda Cohen: So with this I will ask the board to introduce themselves.
- James Bennett: Jim Bennett, City Major of Biddeford. I have been involved with Maine municipalities since 1982 serving eight different communities from the crown of Maine to York County and started as a selectman in my hometown of Lisbon when I was 21.
- Laurie Smith: I'm Laurie Smith, I've been a town manager for about 30 years throughout municipalities throughout the great state of Maine and I'm currently the Town Manager of Kennebunkport.
- Elaine Aloes: Elaine Aloes, I'm a selectman from the town of Solon. I've been a selectman for 25 years, on the Somerset County budget committee for 18, and then a legislative policy committee for 18 years.

Christine Landes: Christine Landes, Town Manager for the town of Bethel, although in August I'll be switching to the City Manager of Gardner.

Shawn Moody: Interesting, congratulations.

Christine Landes: Thank you. I have about 20 years municipal experience, working my way up from a town clerk to manager.

Shawn Moody: That's valuable, you've been there in the trench.

William Bridgeo: Hi Shawn, I'm Bill Bridgeo, I'm the City Manager of Augusta for the last 20 years, including when you came before the city council and opening your new shop-

Shawn Moody: You guys were great to deal with, I appreciate it.

William Bridgeo: Which we love. I started my career in municipal government in 1976 and that includes six years as a manager in Calais. I like to say I am a proud native of Aroostook County. And very grateful that you're joining us here this afternoon.

Shawn Moody: Thank you.

Linda Cohen: Prior to my time as Mayor for the city I spent 21 years as a city clerk for the city of Portland and in South Portland, and prior to that I worked in the Code Enforcement Office, the Assessing Office, I've spent time working in police department and have also worked a little bit for the city of Auburn in the town of Yarmouth.

Shawn Moody: Polices departments and the code enforcements, there are a lot of similarities there.

Suzannah Heard: And I'm Sukey Heard, I'm the Chair of the select board of the town of Arrowsic and I've been there 19 years. I have had also nine years on the school committee and I just retired from the fire department.

Rick Bates: Rick Bates. I started my career in 1977 in New Hampshire. I've been in Maine about 10 years and happy to be in Maine. And thank you for coming.

Mary Sabins: Hi there, I'm Mary Sabins, Town Manager in Vassalboro and I started my municipal career in 1988 in the town of Union where I now live. I started as the town clerk and tax collector and worked my way up to management.

Gary Fortier: Good afternoon. Gary Fortier, City Councilor from Ellsworth. I've been there 23 of the last 26 years. Five term mayor and 35 years on the volunteer fire service. Thanks for coming.

Shawn Moody: Do you still volunteer up there, Gary?

Gary Fortier: No, I retired 13 years ago.

James Gardner: Jim Gardner from The County, the town of Easton where I serve as Town Manager. I've been in municipal government for 27 years. Started out as a code enforcement officer with the city of Presque Isle. Glad to see you.

Shawn Moody: Yeah, thank you as well.

Linda Cohen: Thank you, everyone. So before we get into municipal specific questions we wanted to give you an opportunity to tell us why you decided to run for governor and what your goals would be for your upcoming four years.

Shawn Moody: Well, it's the variety of reasons, no one lightning bolt. But I just see the state ... I think the Governor has worked hard, his administration, the legislation was trying to get a fiscal house in order in terms of paying off hospital debt and a little money in the rainy day fund, So I agree with the Governor's fiscal policies for the most part. And I really believe that Mainers, hard-working Mainers, honest people, they're the ones that are paying the taxes, they really want government just to work as hard spending their money wisely as they do earning it and paying it. And I don't think they're unreasonable in expecting that to happen and I don't think it's unrealistic for us to say that that does happen.

So I come from the private sector, obviously I'm outside of the government if you will, although I've been involved at the local level in Comprehensive Plan Committee, By-pass Committee, I coached local sports and have been active. But I really feel passionate about the state and I feel like the governor is an executive of the executive branch and there's distinct differences between the three branches of government. You've got the judicial branch which has certain obligations and duties, the legislative branch which I think we can all agree right now to some degree has been circumvented, and I'm not happy about that, we need to reform that process. I don't think it was put in place to eliminate the legislature on key issues, policy issues, tax issues, constitutional issues. I see that as a real problem for Mainers. And you have the executive branch, and that's what I'm experienced in with 40 years running an organization.

And what's interesting is people say, "Well, you don't really realize what it's like in public service." And I say, "Well, I've been serving the public my entire adult life actually before since when I was 17 years old." I have served the public. Maybe I get paid privately but that's what we do, is take care of people, and that's my strength.

So when I look at the recognition we've gotten over the years for some of the lean initiatives that we've had, organizational effectiveness that we've had, the Governor's Award, best places to work. So I am a student of human nature and organizational performance. Our organization, 34% of it is owned by our co-workers, they actually own stock in our company. And since 2003 our stock has increased in value in average of 20% a year. Now that's going through 08/09,

was called the Great Recession. So we were able to build a culture that outperforms literally most any other businesses here in the state of Maine in terms of profitability, performance, and growth.

So I want to take what I've learned, my skills, the relationship that we've forged across a lot of communities here in the state of Maine as Bill alluded to and Jim, and work for the people of Maine, work for the people that I ... I love this state. And so many young Mainers have left in search of opportunities when unemployment was 6, 8, 10%. Well we're full employment right now so we need to reach out to those Mainers that have left and reunite them with our families and our small communities, revitalize them. They're talented, they've got assets, they've got children, and what better place to raise them than right here in the state of Maine?

So I want to just take Maine to the next level. I have said this openly in public forums, I think the Governor has done the hardest thing, it's to get out of the ground. Anybody who's done construction knows. You're dealing with ledge, clay, it's tough to get out of the ground. But I think he's poured a foundation and I think we can really build something special on it. And that's my goal as governor.

Linda Cohen:

Thank you. So when all is said and done, all the constituents of Maine belong to all of us. If you live here, work here, play here, there are our constituents, municipal and state. There's no division there, it's all the same people. So our feeling is that we would like to work with the Governor's Office in representing all of those constituents. We feel that we can be a resource to the Governor's Office and the Governor's Office can be a resource to us.

In prior years, not recently but in prior administrations, we had a municipal advisory council that was made up of local municipal officials that met with the governor on regular basis to talk about municipal issues, state issues, and to work together. If you're elected would you be interested in reconstituting that advisory council and what do you feel is the appropriate relationship between state and local government?

Shawn Moody:

That's a great question. I noticed when you said ... In the introduction you wanted to forge, not force a relationship, it was forge. I think anybody that's ever really experienced me and my leadership style, who I am as a person, I'm very collaborative, open-minded, willing to listen, getting feedback - feedback is a gift. So the straightforward answer to your question is yes, I think that that would provide benefits.

And this is the way I look at things. We established performance reviews in 1992 in our company. Now you know my background, a high school grad, right? So that was 25 years ago, we recognize the value of performance, getting an individual to the next level. But what most people don't understand and think about is it's a twofold process. Not only do you want to evaluate that person to help them reach their potential, but what's critical is you need the feedback

from them as to what we can do better. So it's not, "We're going to coach you," it's a two-way dialogue.

So the value of having a committee like that as long as you folks are open-minded, and there's no reason to think you're not open-minded ... I would see it as an opportunity to work with the municipalities to help lower cost in a manner ... And here's the misnomer. People just automatically think if you cut something that you're going to reduce the service level. They just automatically think that. And in our private practice we've proven time and time and time again that you can reduce cost and actually improve customer service, improve quality. Because ultimately that's the goal. You don't want to cut to just cut. I mean you'll get a mental health system in the state of Maine, and we will talk about that later. But that's something that needs to be reconstructed. It has vast far-reaching implications in the society. It affect all levels of municipal government and schools.

So I'm a collaborator, feedback is a gift in my world however form it takes. And that's the other thing. People come across a little rough and a little crass ... I grew up in a hard environment but I learned at a very young age: focus on the message, not the delivery. A lot of people get hung up on the delivery but what's the message? Is the message valid, is it something that we need to listen to? I'm probably a little better on delivery, but anyway the message is what's important and that we have that working dialogue to keep the conversation flowing for co-benefit.

Linda Cohen: Thank you.

Shawn Moody: I hope that that-

Linda Cohen: Aha, thank you.

Shawn Moody: Thanks, Linda.

James Bennett: So from our perspective the foundation of state municipal partnership is the Revenue Sharing Program. Created in 1972, it recognized the partnership between state and local government, understanding that municipal services provided at the direction and for the benefit of the state cannot solely be funded by Maine property taxpayers. It uses a formula that combines population and full value tax rate which has the greatest benefits to communities that have high tax rates, and particularly service center communities. Conversely, when it's underfunded, it disproportionately impacts those same communities.

So municipal leaders across Maine are interested in your vision of what the fiscal relationship would be between your leadership and the state and local government. Specifically, do you believe that the Revenue Sharing Program is a vital element to an intergovernmental working relationship and would you

please share how your proposed state budget would impact Maine property taxpayers by providing a specific recommendation that we would make on the Revenue Sharing Program?

Shawn Moody:

That's a very critical question. I know that's very, very ... I mean it's the core of this discussion around here. Dave Cole, you folks know, he's recently retired from Gorham, he's a wonderful guy and he was a great town manager there for us. And I can remember a few years ago, sitting in his office at length, describing kind of "hope for the best plan on the worst" scenarios that you were getting dealt with from Augusta. Maybe it's 1.2 million, maybe 800,000, but the reductions were significant. And I think Dave did a good job of being frugal and kind of airing on the conservative side of what was going to flow out of Augusta, what wasn't going to flow out of Augusta.

I don't know if I have an answer, direct specific answer to that question. I think the funding formula, it's like what we're doing right now in the university system - just follow me here. We went from seven-siloed campuses that were autonomous, not working in unison and collaboratively - and I've been on the board four years now - we've got those campuses working very well collaboratively. We've maintained their mission differentiation. Farmington is known for education, for example, we want to bolster those programs so that they can keep that status. But most importantly it had a funding formula that was outdated, been in place and people asked, "Well why is it that way?" "Well, it's the way it's always been."

So working with Ryan Low who's done a terrific job we now have a unified budget plan which is really interesting. And what it has done is taken peer institutions ... So if you take a campus like Farmington, for example, it takes the student population, the demographics, the local area, and we pick out five peer institutions, similar college campuses across the country, and then we measure, take the metrics of per student cost, facilities cost per student, all of these metrics now are measured ... And again, the presidents are involved, I mean this is a very collaborative process. So they agree, "Okay, let's compare Ellsworth with," what's a comparative town that you would say Gary in size and scope?

Gary Fortier:

[inaudible 00:16:26]

Shawn Moody:

Right. So we take peers that you would agree to and then the funding formula is based upon the needs of the campus. Now see what was happening there, the rural campuses were only getting X amount of dollars, and UMaine and USM, the bigger campuses were getting more resources. So it was putting a tremendous pressure on our rural campuses financially to the point where UMaine Machias we had to partner up with UMaine to make sure it is viable and continue to invest in it. So my answer is we have to take a look at the funding formula and process.

The other thing that bothers me is commercially or industrially as you raise the tax base you get penalized because of the revenue sharing works or the EPS

works so that that community, it's not a dollar-for-dollar benefit of building out commercial business, if you will, expanding business, because you have to take the impact of the overall tax base which lowers the overall aggregate tax dollars flowing into the system. So I see that as a problem too. If we're trying to expand economic growth, businesses within our communities, the last we want to do is penalize them for doing it.

So we kind of faced a similar situation in 08/09 in the private sector with the Great Recession, you can call that a revenue drop, share, whatever you want to call it. In private industry, we were fortunate because we were a little bit recession-proof but we take manufacturing, construction and housing ... The bottom fell right out. So guess what, they had to get lean, get mean. And I know the municipalities have gone through this too. It's been a slower but steadier process, it wasn't just like a sledgehammer. So private enterprises had to cope with drastic and dramatic drops in revenue and profitability. It was probably eight, nine years ago. So we're very familiar with what you face in your communities.

I don't know if it's the appropriate time to bring this up, but one thing I want to say and I really, really want you to be open-minded about this, all through your documents it talks about the municipal and state relationship ... Now, I know for a fact that between probably 50 and 70% of your municipal budgets are schools, yet schools are not mentioned in this document unless in relationship to funding. So I want if I can ... My mom had a saying, she said, "Your mind works best like an umbrella, when it's open," okay? My view as your next governor is going to be to look at this holistically that the town and the schools are one. I know the city manager, the town manager's phone rings when you have a mill rate increase. Superintendent phone doesn't ring, the town manager phone rings, right? Because people don't know, they just assume that it's the town went up, what the heck. And I'm going to in front of the MEA here in 10 days, all right, so they'll be ready for this dialogue, this conversation.

So I would like everybody here, and I don't know if it's an appropriate time, to really think about the duplication that we have right now currently in our school systems and local government. And again, depending on the scale and size of the community, we've got a facilities management department on the school side, we've got a town public works on the municipal side. And often times the person plowing on the school parking lot is getting two bucks more an hour than the person that's plowing on the road. How is that fair? It's not fair.

So we need to take a real open-minded approach to how we build efficiencies and remove duplication in our municipalities with the schools. I was going to hit on that, I'm sorry Linda if I overstepped my time on that one question.

Linda Cohen:

You'll get an education question as we're going around.

Shawn Moody:

I'm sorry.

Linda Cohen: That's okay.

Shawn Moody: I'm passionate about this.

Laurie Smith: So I got a question about workforce development. So as you know, our unemployment rate as you've said is at an all-time low, 2.8%, and we have a rapidly aging population the oldest states in the nation. And both public and private sector employers are looking for those talented people to replace the retiring people, and that's more and more challenging. And if you look at our job bank in Maine Municipal, across the state people are looking for snow plower drivers and police officers and IT managers and wastewater plan operators. And we are really have been finding it a challenge to find people to fill those roles.

Over the past year Maine Municipal Association has started a campaign that we launched called Hometown Careers to try and introduce to people the idea of public service and what kind of opportunities there are in public service.

So as governor what policies will your administration implement to address workforce support and development?

Shawn Moody: Traveling the state, that is probably the number one topic of conversation, whether it's private or public, and thank you Laurie for asking it.

I'm a little bit unique in the fact that my background is blue collar, I'm a trades person, I made my living with my hands. So I understand the blue collar trades - truck driver, I've driven truck, bulldozer, excavator, all these things. So I believe that we can reform our vocational and career tech ed programs to be the best in the country. We've got some good ones already but they need to be uniformly across the state.

Now why haven't we reached that? We've got high aspirations - as we should have - of young adults going on and furthering their education. And we should always have those high standards. But the reality is 40 or 45% of our young adults are not going to college and we haven't taught them the skills or trade or given them a pathway to these job opportunities that exist currently here in the state and now they're drifting. There's 10 to 15,000 of these young adults, mostly men, that are kind of off the radar right now. They're not on assistance, they're not employed, they're not unemployed in terms of drawing benefits. But they're out there and they're not being productive in our society.

So I really feel like I can ... From an educational standpoint, nobody that's running for governor gets anywhere near the resume I do, which is interesting because I just graduated from high school.

On the university system side we're working right now, as everyone knows, to create this Maine Center Venture which is a graduate center that combines business, law, and public policy. To me that's brilliant because need town

managers, as you said and described we need white collar professionals that want to get involved in public services as you folks have. And we haven't done a great job marketing that and, again, creating pathways and educating young people at the opportunities that exist right here in the state.

So from a workforce development component, it's what we've done, it's what we believe. We call it "grow our own" and there's nothing that makes me anymore proud than taking an 18-year-old apprentice, teaching them the skills of the trade, and they don't even know how to tie their boots when they come to work when we get them - and I'm serious. We teach them discipline, respect, responsibility. And in four or five years they'll be coming to my brother Thad and I wanting to write a letter of recommendation to a bank or a credit union to buy their first home. We do this over and over. So it's not the kids, the kids have the potential, it's just that we have to create the pathways to give them the skills to be successful. And I will be 100% laser-focused on that. It's critical to me.

Two things drive our economy, population and productivity. Our population is static - some say it's declining but it's static - so we need to ... What I would champion is to go out and find the former Mainers, there's hundreds of thousands that have left here in search of opportunities during the tough times, bring them back here and reunite our families - we're talking about elderly care in their homes - bring them back and revitalize our towns and our economy. Now these are folks that are talented, they have assets, they're at the prime of their life. What do we got in Maine? We got clean water, clean air, it's safe. They're just waiting for that call to come home.

Laurie Smith: Thank you.

Elaine Aloes: In keeping with the workforce recruitment and development theme, the need for reliable, high-speed, broadband Internet is a key component in the economic vitality in the 21st century. While some areas have the state benefit from ever-improving Internet capacity and speed, the infrastructure available in more rural communities has not advanced much beyond the dial-up speed. Internet providers are not making the needed improvements because it's not cost-effective. With expanded broadband service in place rural Maine could become a destination for the young people. Do you believe the expansion of broadband access to underserved areas of the state is vital to Maine's economy and if so, what will you do to ensure improved access?

Shawn Moody: The short answer to that is yes. We were at Brunswick Landing - you folks know Steve [inaudible 00:26:19], great guy - and this is some of the technology that's being developed. They had miniature rockets that are about four feet tall that were actually launching these miniature satellites that were going to start circling for broadband. So not only is it a challenge here in the state of Maine but there's a lot of rural areas across our country that suffer from the same deficiency.

So I'm at a point right now where they're saying that's two to five years out. I don't know if it would be responsible for us or prudent - we'd have to do our due diligence - to invest in a bond, to extend broadband through conventionally cables and then ... Like they say, we want to be on the leading edge, not the bleeding edge - finally we'll get a 10-year bond when that technology becomes obsolete. So I think we need to really pay attention to the emerging technologies, but yes, it should be a priority.

And I think the priority should be, okay the providers aren't willing to stretch a 40-mile cable and have eight customers, however we have destination points, whether it be Saddleback - no, that's actually discontinued - but Sugarloaf, there are destination pockets in Maine that would have the capacity or should have the capacity. So it's like service centers, if you will. And I just came back from CMP, met with those folks, and that power line that's proposed to come out of Canada down to Massachusetts has got fiber optic cable embedded in that power line that rural Maine will have access - it's on the western side of the state. However that will be addressed, some of the western part of our state's fiber optic challenges. So that's exciting.

So no, I do recognize, we have fiber at all 11 of our locations. I could pull up a [inaudible 00:28:02] balance sheet in four seconds, real-time. So I understand the value of data and bandwidth and it's critical to Maine.

Elaine Aloes: Okay, thank you.

Shawn Moody: You're welcome.

Christine Landes: Maine's road and bridge system is the most component of its transportation network. It is estimated that nearly 90% of all passenger movement and freight is shipped over the state's road and bridge infrastructure. 60% of the total road inventory is owned by municipalities and maintained also. It accounts for the third largest expense of a municipality. To account for that burden the state shares roughly 9% of its highway fund revenues with municipalities which yields about \$20 million annually. This has been chronically flat-funded, costing delays and much needed repairs and improvements. Do you believe the current system of paying for the maintenance of Maine's highways and bridges is working and what changes, if any will you recommend to addressing this funding issue?

Shawn Moody: Boy, these are tough questions. But anyway, they're good questions, they're real challenges. I have a question for you folks, you may or may not know. But you said 60% of that cost is on the municipalities?

Christine Landes: 60% of the roads are-

Shawn Moody: Physical road network?

Christine Landes: Are maintained by municipalities.

Shawn Moody: Has that increased, Christine? In other words, has the DOT kind of said, "Put more back on the towns to maintain and take care of," over the last decade we'll say?

William Bridgeo: It has in Augusta. The compact area has expanded. The state does that unilaterally.

Shawn Moody: Yeah. So I think that's something we've got to take a look at. I mean in other words, say you're maintaining - and I'm throwing a number out there - 4,000 miles of roads collectively and now you're maintaining 4,800 or whatever the case may be then I think that should be funded appropriately through the state. If we're putting more on your plate we've got to shift that accordingly.

Infrastructure, it's no secret in any municipality, it's one of the first things that gets caught. If there's pressure on the mill rate, well, you know what? We've got \$350,000 in the budget for paving, we're going to have to do \$250,000 this year. I mean it's just what happens. But that accumulative impact over time is really taking its toll and I think that that needs to be a priority. I have a lot of friends in the construction business I grew up with, very interested paving and road maintenance and road construction, they'd love to have more of it.

Here's my philosophy around that. The economy goes through cycles. It kind of grows, then we go dips, it's done that since we started. I think personally, from a fiscal discipline standpoint, the governor has done a great job putting money in the Rainy Day Fund. I think we need to continue to do that. This economy is not going to hold forever, and when it starts down the backside that's the exact time that you want to inject capital cash back into our economy. Look how many people left when the market crashed in 2010, we lost so many people because there were no jobs.

So if we have the discipline - rainy day is the appropriate name for it - to me it's like you're going to get the work done 80 cents on the dollar and you're going to give the work to people that need the jobs. Right now when the economy is hot everybody wants to invest, you're competing with private projects, you're actually driving the cost of construction up because there's more demand and then supply.

So I think infrastructure improvements have to be a priority - and again, oh well everything is a priority. I think they have to be a priority, but where does the money come from? I would advocate to take the Maine Turnpike Authority, then transition that into the DOT. And again, you heard me earlier, people think "Oh geez, that's the one road. I know I can get on it and I can get somewhere, don't do that." They automatically think if you're going to change something you're going to ruin it or it's not going to be good as it was before. It's simply not true. You don't sell the plow trucks, we're not going to lower the maintenance.

However, we've got, you heard me say it before, duplication. Duplication of maintenance facilities, duplication of administration, duplication of offices. These buildings and structures can go on to the private property municipal tax rolls as they should be and we're not going to lower our service level and we're going to take the \$40 or \$50 million, whatever we can save, and reinvest it into our infrastructure. That's where the money is going to come from. To get rid of the duplication of services that we currently have all across the state. But again, it takes an open mind to ... There's an old saying, "If you changes the things you look at the way you look at things change." And I think that's what we need to apply when we look at our local municipalities and the state.

And I'm not a double standard guy. Lead by example. That's an example of what we would try to do to champion at the state level, is DOT, MTA. We've got two great directors, they'd probably stand right noggging with right off the back. But they're two great directors, what better time to get their heads together, get the people around the table to have something like that happen?

Christine Landes: Thank you.

Shawn Moody: Thank you, Christine.

William Bridgeo: First a personal comment, Shawn.

Shawn Moody: Yes.

William Bridgeo: Eight years ago my daughter took a semester off from college to work in the gubernatorial campaign as a staffer for Eliot Cutler. And she made a comment to me on a number of occasions that it was the consensus of all of the campaign staffers of all five campaigns that the nicest person on the stage was Shawn Moody.

Shawn Moody: It's a good thing Kevin Scott was in the race, the nice didn't come in next to the last. No, thanks Bill, that means a lot.

William Bridgeo: So my hope would be that if you're elected governor you bring that personal characteristic with you notwithstanding the stresses of the job.

Shawn Moody: I really appreciate it, thank you. So much for the soft part.

William Bridgeo: Now to my question because I'm getting nudged by the chairman to my left.

Shawn Moody: Thank you, Bill.

William Bridgeo: For as long as I've been involved in local government one of the things that has been an irritant for municipal officials has been the concept of unfunded mandates. I'm sure you know what I'm talking about. A Legislature and the governor pass laws that in effect create a financial burden obligation for cities

and towns but don't accompany it with the money. It can be something as simple as flags on veterans graves or as complex as new marijuana legislation and what that will require municipalities to do.

Shawn Moody: The election you just went through put in place by the burden on municipalities.

William Bridgeo: Indeed. So the question is as governor what would your position be with regard to efforts to pass laws that create an unfunded mandate on municipalities? Do you believe philosophically that if the state tells cities and towns that they have to take on a new responsibility that they should be partnering in the financial support to make those things happen?

Shawn Moody: I think the short straightforward answer is yes. And I took the time and went through and marked up this document, and it was very informative and it was very interesting to me to learn about a lot of these things now that you're discussing. And I didn't realize ... Because there's a list in here of just some examples that you described Bill in the document, and like most people you don't realize until you get into it some of the things that you'd be asked to do.

So no, I think if the state's going to require a municipality ... Number one, I can ever see ... Mandatory is not something that we talk about a lot in our industry or business culture. It's like, "You need to be here at this meeting," we don't say, "You have to be." It's a little word, it's just one word, right? When you say you need someone to do something and need someone to participate it's different than saying you have to. People don't like being told what to do, and especially if it's not coming with a check to pay for it.

So I think we will work collaboratively with the municipalities. And I can see some things coming from the state. To be honest with you, under our administration. And the schools are going to be at the table because just to me it's not fair for the financial impacts ... We're going through it right now. I mean Scarborough went through it, Gorham is going through it. High growth, student populations that really ... We're talking about portables again, right? And this is just some one area of the state. But I'll tell you right now, you want to put tension into a town you start talking 6, 8% increases in the property taxes. I mean people are just tapped out.

So I can see a collaborative effort between the municipalities and the schools so if anything ... What we're talking about in our administration is offering incentives to local municipalities that are willing to adopt a new model of governance at the municipal level. It takes bold, it takes courage to do these things, it's not without contention and controversy. But instead of saying, "Okay, we're going to take Lewiston and Auburn and have LA we're going to take Auburn municipality and school system and get rid of duplication that exists there." It's 2018, we don't have separate entities within our organization, we have one resource management that handles payrolls, back office, HR, [inaudible 00:37:50] administration. Everything is done in that one office and that's across 11 communities.

So no, we would not ask the local municipalities to take on an initiative, an unfunded mandate, that's the specific term that you used, without the state having some sort of compensation to do so. I mean that's just fair play in my view.

Linda Cohen: Back to education.

Shawn Moody: Linda, that's why you led off, didn't you? Okay.

Suzannah Heard: Okay. Although the legislature has made strides towards meeting the statutory requirement to fund K-12 schools at 55%-

Shawn Moody: Suzannah, can you start over? I'm sorry, I glanced at the clock.

Suzannah Heard: Oh, okay.

Shawn Moody: Thank you.

Suzannah Heard: Okay. The Legislature has made strides towards meeting the statutory requirement to fund K-12 education at 55%, however the funding continues to fall short of this requirement. Do you support the law calling for the state to cover 55% of the cost of K-12 education? If you do, please describe your actions you will take to either honor that commitment or to amend the law.

Shawn Moody: That kind of gets us back to a lot of what we've been talking about here. I've said publicly for many years, I really feel like ... Again, that was kind of a system referendum initiative. I don't know where the 55% ... I'm sure there was a formula, I'm people put work into it at that time, the economics behind it. But that was how many years ago? And it hasn't been reached even close over the last that I'm aware of 8, 10 years.

So what I had said publicly back then is you take four years or five years, you've had a couple of good years, a couple of tough years, average them, maybe add a percent or two, and that's probably realistic of what the target should be. But we keep coming back to that 55%. Now, a lot of things have changed in the last 10 years. The student enrollment as you folks know, especially up in the county, our student enrollment has dropped dramatically. It has put a lot of pressure on the local communities in terms of just morale and just feeling like the town is kind of slipping away. But the cost haven't necessarily dropped at the same rate.

So I feel strongly that our school systems ... And again, you guys can come over at the MEA meeting if you want to in 10 days there, you'll hear me say it publicly there. We got to really take a look at our local schools and we have to offer up a collaborative initiative for them to look at how they're going to reduce cost and not take it out of the classroom. I mean if you talk to any educator today they're going to tell you they feel overworked ... Talk about unfunded mandates Bill, education is from the feds.

So we really need to focus on allowing our teachers to teach, getting the feds and the state of their back, but we also need to take a hard look at the administrative costs surrounding education. I know for a fact because of how we run our organization, our customers couldn't care less how many people we got in the back office. They couldn't care less. So we need to take real hard look at how we reduce cost.

Now people might say, "Cut right to the chase, we're going to eliminate jobs." Well you know what? We're at full employment right now, there's a lot of businesses out there, there's a lot of job opportunities out there for people to go out into another field, another area of work and have a great job, a great career. Not like 10% unemployment and kicking them into the curb. But we need to get serious about this because it's unsustainable. The current track we're on right now with the school costs that we have is unsustainable in terms of the property tax burdens on Maine people.

Suzannah Heard: Thank you.

Shawn Moody: You're welcome.

Rick Bates: Shawn, I think you probably gathered, there's like a common theme going on here with a lot of these questions and it comes down to basically who's paying for what and how do we get stuff paid for. And one of the things that we often end up doing is municipal leaders going up to the Legislature and advocating for restoration of state funding for really important municipal programs and also advocating against mandated services that there's no money to pay for. The common response we often get is that the property tax burden is high just because of the out of control local spending in town government. Do you believe the local governments' spending on services is out of line? Why or why not? And what policies would you advance to reduce the cost of providing local government services?

Shawn Moody: It almost sounds like a loaded question after all the discussion we had. But I think let's face it, when you say, "Out of control spending ..." The local municipalities have been under enormous pressure for the last 10 years to tighten their belt. I mean enormous. You face it every budget cycle. So no, my answer isn't out of control.

However what I will say is this. In the university system side we were able to remove \$80 million, and that's not just one time, that's recurring \$80 million in administrative and back office overhead. So when I talk about these things it's not like I'm just dreaming it. We've done it, we've accomplished it. And if you think about the work that we did in the university and the community college system, I'm the only person that's ever served on both boards. Now why didn't anyone have the idea prior to that? Because those two institutions were siloed, they competed against one another for funding and for students. Now they're collaborating on a level that people have never seen before. You can transfer credits, which should have been able to happen anyway.

So we know how and we have the experience and the track record of being able to look at cost, okay? It's not the people wasting money or are irresponsible, but again, like I said earlier, you have to take a different look at things. Why when build schools all across the state do we have a different model at every school? We can take municipal buildings or fire stations or whatever. We've built seven brand new - Augusta was Brownfield - seven brand new facilities in the state. We used the same model. We make enhancements, aesthetic, we make improvements, but the basic is the same.

So my view is if you've got a population of students 200 to 400 here's your school. Let's find the best school that we currently have in terms of efficiency and productivity and let the educators decide which one is the best - there it is. Now, if the local community wants to invest in artwork, bigger entryway, dress it up, go for it on local tax dollars, no problem.

Same thing applies to municipal spending. If you're going to build a fire station, let's build a fire station. We ought to have one model for whether you're going to have four firetrucks, eight firetrucks, whatever the case may be, and let the local taxpayers fund the aesthetics or whatever. I know it's apples and oranges because the state funds the schools, not necessarily fire stations.

So do you see the theme that I'm trying to say? If you walked into the university system the day we got on the board and said, "Do you think there's \$80 million worth of savings in this system right now?" What do you think the answer for that would have been? "You've lost your mind. We've cut every bone, we've cut everything. There's no way." So again, it's a different way of looking at cost and services, who's providing them, and what do we have in terms of duplication. Do we need a finance director on the school side and the municipal side? Maybe that could be combined into one position. I think that's what we need to really take a hard look at.

I'm probably scaring you guys to death right now but change is, change can be scary to people. Like, "Oh my god, I'm going to lose my job if Shawn ..."

Mary Sabins: Hi Shawn.

Shawn Moody: Hi.

Mary Sabins: My topic is homestead exemptions. The homestead exemption is an important element of a comprehensive property tax relief package that provides direct relief to Maine homeowners. In 2016 over 305,000 Maine residents participated in the program. The current program provides a \$20,000 exemption with 62.5% of the law's property tax revenue associated with the exemption reimbursed by the state. As a result-

Shawn Moody: I'm sorry, what was the overall exemption amount?

Mary Sabins: \$20,000 per homeowner.

Shawn Moody: Now that's on valuation?

Mary Sabins: Yes, it's a valuation reduction. So the actual benefit that each homeowner will receive was going to vary depending on the mill rate in their town.

Shawn Moody: All right, that makes sense.

Mary Sabins: So as a result in Vassalboro where I'm the town manager the property taxes paid on a \$150,000 owner-occupied home were reduced this year by just under \$300 of savings. So if elected will you recommend retaining, repealing, or significantly amending the program? And if you would amend the program then how?

Shawn Moody: Wow, that's significant savings and I think that's critical for people that are financially challenged. I really think that's significant.

Here's the way I feel about programs. If a program has been working, I mean you can get the stakeholders at the table to see how well or how effective or whatever. But one thing I've learned is people want certainty, they want predictability. What rattles people more than anything is change this, change that, you're always pulling on the levers. So I think when it comes to regulation or in this the homestead exemption, I think the Mainers right now especially, really there's a lot of Mainers that are hurting out there so I would definitely favor continuing the program. And it seems to be at a relatively appropriate level. I mean that's a significant decrease.

So clarify if you would, Mary, who ends up paying for that reduction ultimately? Is it the town or does the state reimburse that?

Mary Sabins: It's both. So the state reimburses the reduction of 62.5% and the town has the make up for the difference.

Shawn Moody: Okay, and that's up to 50, is that right? I think that was [inaudible 00:48:22] in the document. Okay, so it's heading in the right direction. From a municipal standpoint there's one thing going in the right direction here.

No, I think that's good, I think the state needs to participate in that, no question. There's a lot of value there.

Gary Fortier: Good afternoon. State tax codes are often described in terms of the balance progressivity and fit with the current economy. In Maine state municipal school and county services are funded primarily with property, sales, and income tax revenues. Of the nearly \$6 billion raised through the assessment of local and state taxes 45% of those revenues is generated by the property tax, with income and sales tax generating 30% and 25%, respectively. How would you

characterize Maine's overall tax code? Do you think there is a need for a comprehensive or a structural reform or is the state's current tax code generally adequate?

Shawn Moody: So the tax code you're saying is kind of all-encompassing, right Gary? You're saying take a look at the income, sales, the property tax?

Gary Fortier: I'm looking at the balance between all of them.

Shawn Moody: Holistically, okay. Wow, I think it was just recently that we would get reported in the top five highest tax states in the country. So I mean that goes without saying.

I think there's a real opportunity to take our tax exempt property, especially the state owned tax exempt property, out of exemption back onto the private tax roll. I mean there's a huge number, I've heard it's like two billion, whatever it is, statewide.

Here's the other thing I think is important, something that's called Pilot Program, you guys know what that is, the payment in lieu of taxes. We have a ton of exempt properties and nonprofits that enjoy tax exempt status here in the state of Maine and I would advocate that we publicly print every nonprofit and what they have contributed to their local ... Because I did that when I first got on the university system and I was shocked at the disparity between competing campuses and what they paid to their local town or what they didn't pay. And I don't think they even really paid attention to it or knew that the services provided ... And it's great to have a campus in your community, believe me, we love it in Gorham, but there's a cost associated as you folks know.

So I think we need to take a hard look at tax exempt properties, what do we need, what's duplicated, get those back over to the private tax rolls. Let's look into our nonprofit communities to if they're contributing something that's affordable for them that really should be fair for what they're expecting for services that could be provided to them. Because I know, I went up to Machias as an example, and I think the town's 33% of the property tax base was tax exempt. That's shocking, isn't it? I mean if you don't know these things it's just shocking. A third. I mean they've got a lot of great properties there and it's part of the economy, delivering the services, it's got to be somewhere.

But I really believe where we at income tax-wise, I would like to see us get to a point we could be at a 5% income tax rate. I think the governor has got it down to 7.15. How we get there, we're going to see how some of this duplication and getting people to think differently about how we provide services to the people of Maine is going to be a big hurdle, a big part of that initiative.

Sales tax is what, 5.5%? I don't know, I think that's ... It would be nice if it was five, it seems like if it goes up you never get it back down to that. But I don't know if you touch that really right now.

I think property taxes are the big one, they really are. I think property taxes right now where I go and travel across the state, people ... Let's face it, New Hampshire is tax free and I always used to be, "Oh, but New Hampshire's property taxes are through the roof." But I'll tell you what, if you go down York County the property taxes, I don't care if you're going to Berwick or ... Wells is an exception because they have a waterfront. But you get into Maine and our property taxes have incrementally increased significantly over the last decade to the point where you really can't say that with a straight face.

So I think property taxes, Gary, would be a priority for our administration to look at ways we can relieve municipalities. And again, it's going to be how much you guys want to play ball and how much courage you've got. And we'll incentivize the communities that are willing to do that.

Gary Fortier: Thank you.

James Gardner: Shawn, my question is funding for the county jail operations is an issue here in recent legislation. Counties spend 90 million annually to fund jail operations. Of that total roughly \$65 million is funded by property taxpayers and \$15 million from the state appropriations and other coming from outside revenue. Taking into account that the state implements the policies dictating who is in prison, for what length of time, and whether housed in a state prison or a county jail, municipal officials believe the state should fund a larger portion of jail operations cost. Do you believe the current process for funding county jails is working? What changes, if any will you recommend to address the ongoing funding issues?

Shawn Moody: I've talked to several law enforcement ... I've been around that issue and I think that what I come to is if the funding was there everybody is going to get along great. It's just who's going to pay?

I'm going to come back to give you a more direct answer but let me start here. You guys know my story, my mom battled some mental health problems when I was growing up and I became a legal medical guardian in 1994. So I understand mental health and how it impacts our families and communities across the state and I really feel passionate about mental health. And I think it's one of those stigmas kind of like blue collar working where we've created the stigma around it. And we need to break the stigma. Because if you think about jails, our law enforcement officials, our schools are all dealing with mentally ill patients. And you talk to any law enforcement official and they'll be like, "My God, we've become part of the HHS to some degree." They're not really happy or comfortable about that.

So are our jails populated in a way that's ... If we reconstruct our mental health system to take the burden off of jails cost-wise, I would think it would. But that's something that we've got to champion, we really got to address this.

And I've said to many people, if Laurie fell down - God forbid - and broke a leg we'd be signing her a cast, "Jeez, are you okay?" Empathizing, sympathizing, everything else. Well if someone's mind is broke everybody heads for the exit doors because it's complicated, it's complex, it's kind of scary. But we really need to address that mental health system here in the state of Maine.

The jails specifically, I don't know if I have a good answer for that, but I will say this. University System - you guys already warmed up to me here [inaudible 00:55:38] - my first meeting as trustee, I went up to the boardroom in 16th Central Street in Bangor, sitting with the executive team, the chancellor, and I, a typical rookie board member. And I listen to time commitments and fiduciary responsibilities, all these things, they're getting done, I looked around, I'm being a little coy, I said, "Why are we here?" "What do you mean why are here?" I was like, "I couldn't find a place to park, I couldn't even really find this place. Why aren't we on campuses with the students? Eating the food, parking on the parking lot, being accessible." That was in April, and in September I went to University of Maine at Fort Kent, we publicly stated we're going to close that system office down. Now, there was a 157 people that worked there that were displaced on the campuses.

So I'm not shy about pushing things in a direction where we're going to make tough decisions, but to me if it's in the wellbeing and the best interest of the overall good - that's what leaders do, they lead people to make difficult decisions. But they're well-prepared, well-planned, and well-executed.

So in the case of Washington county, if that decision was made to close the institution there would be a mutually agreed timeframe with the community, whether it's six months or whatever is adequate, to try our hardest to redeploy the people that lost their jobs into private enterprise, soften if at all possible. But those are tough decisions. Tough decisions.

One more thing if it's okay Linda to add to that. University Maine at Machias, I've been at every campus, University Maine system and the community college system. I've been there several times. Campus declining, maintenance going down, morale, they were down to 65 people faculty and staff on that campus. They were in dire straits. We were able to coordinate with Sue Hunter, thank God she just retired, she's a wonderful leader, lady. And she was willing to accept the responsibility of UMaine to partner with UMaine at Machias to, again, add those resources. They didn't someone from enrollment management, they couldn't afford those types of comprehensive services so it was like a self-defeating prophecy. Enrollment kept dropping, they didn't have the staff, the services to go attract the students.

So again, redeploying existing resources in a way that now we got University of Maine at Machias we are revitalizing that campus. So that's something that we're proud of in the community too because they were very supportive.

James Gardner:

Thank you.

Gary Fortier:

I had a follow-up question Madam President but I think he adequately answered the last time so I will sit back and say thank you for coming.

Linda Cohen:

That question just so that you know was about nonprofits and not paying taxes.

Shawn Moody:

Geez, that was on the people [crosstalk 00:58:31].

Linda Cohen:

You already answered that one. So we are going to wrap up and say thank you very much for being here. We would like to encourage you to reach out to any one of us as you go forward with your campaign. If you have any questions, if we can be a resource in any way to you or in Maine Municipal staff or any other municipal official that you may feel comfortable reaching out to. We want to give you a few minutes to sum up your day, and we also want to wish you the best of luck in your campaign and tell you that we look forward to working with you and your administration if you are successful in November.

Shawn Moody:

Thank you. I feel the same way, I do. I mean there's a lot of good around this state and they're ... Yeah, just to summarize, we've talked about a lot of issues but I think what I've heard really is the revenue has gone down in terms of the state appropriations to the local communities and costs are going up. I mean that's the paradigm that you guys were operating under, less revenue more cost. And that creates tension and you guys are trying to run your respective communities.

And again, I will say if we have the collective courage to kind of re-look at the way that we deliver our services ... And again, being on the UMaine board has been very informative because, again, people will say, "Oh, you run it like a business, you can't go in there and just back out the orders!" That's not how it works but people have that perception. But serving on a board, it's like what you guys do. These are big budgets with a lot of people involved, you've got school committee, you've got town council members and things. So it's not just as simple as pulling a lever to make things happen.

So I understand that in order to influence change one of the most important things you've got to be able to do is build consensus. And I'm not going to ask for a poll, but I think the two core pillars around that are just like the simple basic life responsibility, is do the people that you work with respect you and do they trust you? That's the core of who we are as people. If you have the respect and you have the trust of the people that you work with you're going to be to influence change because they're going to go through the uncomfortable period and you're going to lay out in bold detail what the benefits are.

So I'm the type of leader that says, "Okay, where do we want to end up before we start? Where do we want to end up? Then let's collectively figure out how do we get there." And it's never going to be a straight line, let's face it, that's the way it was going to work.

So I just hope that you look at the candidates holistically - and this is kind of a pitch for my resume. 40 years of private sector experience, open book management. So an 18-year-old can come into our place of business and know our revenue, our profit, our KPIs, our customer satisfaction, it's all out in the open. They get a key to the building. No cameras, they fill out their own time sheet. Very faith-based, boom, we trust you. If we want you to trust us we got to trust you.

Take that and what we've been able to accomplish in the private sector. The last four years University of Maine system, community college system, from an education standpoint. And on top of that I've served on a school business round table at the local level with [inaudible 01:02:12], Dave Cole, Glen Cummings. We had those leaders and five business leaders to talk about how do we better integrate our students to be work-ready and college-ready. I was in the co-op program of the last two years of high school and at the age of 17 I was actually self-employed. Got out of school at 11 o'clock and get credit for it. And that's how I was able to graduate with my class.

We re-implemented the co-op program at Gorham High School and now we've rolled that into the Jobs for Maine Graduates program, which is hugely successful. There's teenagers back out into our local communities, two of them which are working at our shop right in Gorham.

So establishing that work ethic for our teenagers, getting them back involved in our local businesses and our local communities. I mean I ask people, I've been in the forums - you can raise your hands on this one - who here started working at 15 years old or younger? You see the common thread. And I'm not talking about the ones that have got great parents at home, extracurricular activities. They're on a good track. I'm talking about the ones who are at risk like I was that are out there hanging in the balance with no way to channel that productivity or that energy in a positive manner. That's the population, the cohort of young Mainers that I feel I connect with and we can get them to be assets in our communities rather than liabilities, which a lot of them currently are.

So I would just say economics, education, one last thing - environment. We've been named an environmental leader by the DEP. I've spoken in front of the Maine autobahn, nature conservancy, we have a strong interactive relationship with the environmental community and reputation. We go to Army Corp of Engineers, local and city approvals, DEP. No other candidate has a resume like that. They may know how government works but they don't know how rest of the Mainers work. So that's what I bring to the table.