

Town Council Finance Sub-Committee Meeting Agenda

**COUNCIL CHAMBERS
FALMOUTH TOWN HALL
December 12, 2019 – 5:30PM**

- 1. Approve minutes of November 20, 2019 meeting**
- 2. Joint School and Town Finance Committee meeting**
 - a. 2019 Audit and CAFR Results**
 - b. FY2021 Budget overview / anticipated challenges and opportunities**
- 3. Review FY21 Budget Schedule and Agendas**
- 4. Other issues/topics**
- 5. Adjourn**

BVR Election

Fiscal Year 2020-2021 Updated 11/21/2019

<i>Date/Time</i>	<i>Responsible/ Authority</i>	<i>Task</i>
OCT 28, 2019 MONDAY 5:30 p.m. Large Conf Room	Finance Comm - Town	1) Select Committee Chair 2) prelim FY19 Results 3) prelim FY21 budget schedule
November 20, 2019 WEDNESDAY (5:30 p.m. in the Large Conference Room).	Finance Comm - Town	1) Foreclosure and lien report 2) TIF Update 3) Investment review 4) Finance Committee Schedule and Agendas 5) Budget Preview Spreadsheet 6) Discussion of prior year Budget Book and FY21 presentation with Finance Committee.
November 6	Department Directors	Return completed department CIP, TIF and Special Revenue spreadsheets to Finance Director.
Nov 12 - Jan 6	Finance Director	Consolidate the capital plan and calculate the predicted mil rate for the capital portion of the Budget. Town Manager and Finance Director reviews budget with Directors. Finalize Capital Improvement Program, special revenue fund plan and TIF Development Plan, prepare summarized presentation for the Finance Committee and Council
December 12, 2019 THURSDAY (5:30 p.m. to 7:30 p.m. in the Council Chambers).	Finance Committee - Town and School.	1) Joint School and Town Finance Committee budget meeting. 2) Fiscal Year 2019 CAFR/Audit results presented. 3) Discuss Finance Committee Schedule and Agendas 4) Discussion about anticipated challenges and opportunities in the development of the FY21 Budget
Jan 8, 2020 WEDNESDAY (5:30 p.m. in the Large Conference Room).	Finance Comm - Town	1) Presentation of Capital Improvement and Special Revenue Fund Budgets, Present TIF Development Plan to Finance Committee. 2) Discuss Finance Committee Schedule and Agendas Send Reminder to Library about Feb 12 Budget Review
Jan 3	Dept. Heads	Department Heads to submit proposed amounts for all operating accounts for 2019-2020 year-end and 2020-2021 budget to Fin Dir

Date/Time	Responsible/ Authority	Task
Jan 7-31	Town Mgr Finance Director	Finance Director consolidates and presents operating budget to Town Manager. Finance Director and Town Manager reviews budget with Directors.
Jan 13 MONDAY (6:00 p.m. Falmouth Elementary School)	School Board/ Town Council	School Board Budget Meeting. Topics include student/staff demographics (class sizes), enrollment review and predictions, State revenue insight, mid-year status review and early forecast of needs.
Feb 7	Finance Director	Preliminary version of operating budget prepared and distributed
Feb 12 WEDNESDAY (5:30 p.m. in the Large Conference Room).	Town Mgr Finance Dir Finance Committee - Town	-Present TOWN operating budget spreadsheet, Special Revenue Fund budget, TIF Development Plan and Capital Plan to Finance Committee. -Wastewater budget presentation -Library Budget Presentation
Feb 28	Designated Admin Assistant	Send Budget Book to Council for Finance Committee meeting.
Mar 4 WEDNESDAY (5:30 p.m. to 8:00 p.m. Council Chambers).	Town Finance Committee	Budget Book presentation to Finance Committee. Final Library Budget Presentation (if needed).
Mar 9 MONDAY (7 p.m. special Council meeting)	Town Council	Order to schedule the Budget public hearing on April 1 (date to be approved by Council & School Committee) in accordance with the Charter.
Mar 13 FRIDAY (Noon in Council Chambers)	School Board	School Board Budget Presentation and Workshop. Overview to be presented at noon. TENTATIVE DATE
Mar 16 MONDAY (5:30 p.m. in the Large Conference Room)	School Board	Follow-up to March 13 budget rollout responding to data requests, questions etc. (Town Councilors welcome to attend) TENTATIVE DATE
Mar 10	Town Staff	Arrange for April 1 Budget Public Hearing advertisement
Mar 25 WEDNESDAY (5:30PM in Council Chambers) w/ Light Dinner	Town Council /School Board	School Budget Presentation Town Budget Presentation
April 1 WEDNESDAY (7 p.m. in Council Chambers)	Town Council Charter 502, 502.4	Comprehensive budget presentations (School and Town) at Council meeting and public hearing.

<i>Date/Time</i>	<i>Responsible/ Authority</i>	<i>Task</i>
Apr 13 MONDAY (7 p.m. in Council Chambers - special Council meeting)	Town Council Charter 502, 502.4	The Town Council approves an order to adopt the budget in accordance with the Charter.
On or before May 5	Town Council BVR	In accordance with the Budget Validation Referendum Statute, the School Department makes available detailed budget document (Cost Center Summary) to Town Clerk and the public. This document will be voted on by the Council on May 11
May 4 MONDAY	Clerk	Post notice for Council meeting to adopt budget at least 7 days prior to May 11
May 11 MONDAY (7:00 p.m. in Council Chambers – special Council meeting)	Town Council Charter 502, 502.4	The Town Council shall approve an order to adopt the BVR in accordance with 21-A 1486. The Town Council may also approve the BVR , Municipal Election and Referendum at this time. Order to adopt the budget in accordance with the Charter.
June 2	Staff responsibility BVR	Referendum warrants must be posted. {BVR}
June 9	Election BVR	Election/School Budget Referendum vote. {BVR}

Town Council Finance Sub-Committee Meeting Minutes
LARGE CONFERENCE ROOM
Second Floor
Falmouth Town Hall
November 20th, 2019 – 5:30PM

Members Attendance: Ted Asherman, Janice De Lima (Chair), Jay Trickett

Others in Attendance: Amy Kuhn (Council Chair), Caleb Hemphill (Town Council)

Nathan Poore (Town Manager), Peter McHugh (Finance Director), Susan Gibney (Assistant Finance Director), Amy Lamontagne (Assistant Town Manager), Ellen Planer (Town Clerk)

The meeting was called to order @ 5:45PM

- **Approve Minutes of October 28, 2019**
Councilor Ted Asherman made a motion to approve the minutes, Councilor Jay Trickett seconded. The Minutes were approved.
- **Foreclosure and Lien Report**
 - a. **Town Clerk Ellen Planer presented the Foreclosure and Lien report to the group. She also described the Lien and Foreclosure timeline.**
 - i. **This year, there were 58 filed liens and 35 delinquent properties.**
 - ii. **There are currently 10 properties in foreclosure.**
 - 1. **1 property came off the list this year.**
 - iii. **Town Manager Nathan Poore then discussed the Lien and Foreclosure process and recommended that the Council take no action this year.**
 - 1. **The group agreed with this recommendation.**
- **TIF Update**
 - a. **Nathan presented a TIF update which included the impact of TIF Districts on Town finances, the financial impact of the TIF Districts, and reviewed the TIF Budget for FY20.**
 - i. **Based on the formulas for State Aid to Education, Municipal Revenue Sharing, and County Tax Assessment the TIF Districts improve the amount the Town receives in State Aid to Education and Municipal Revenue share and reduce the County Tax Assessment due to a reduction in the Town's property valuation.**
 - 1. **The impact of TIFs allows the Town to capture 2/3 more revenue than it would have seen if the valuation was not moved to the TIF Districts.**
 - 2. **TIF tax revenues were \$3.1 million in FY19, the Route 100 project Bond proceeds were \$6.2 million, and expenditures were over \$4.3 million. FY20 spending is budgeted to total \$10.5 million with \$7.3 million going toward the Route 100 infrastructure project and \$761K going toward debt service for the Route One South Infrastructure project.**

- ii. There was a group discussion of TIFs and Councilor Trickett asked what the overall favorable TIF impact to Town revenues was in FY2019.
 - 1. Finance Director McHugh responded that it would equal roughly 66% of total TIF revenues or a little over \$2 million in sheltered revenue.
- **Investment Results**
 - a. Finance Director Peter McHugh presented the FY19 investment results.
 - i. Highlights include:
 - ii. The Town Investment Policy requires investments to meet 3 primary objectives in priority order:
 - 1. Safety – ensure preservation of capital
 - 2. Liquidity – the Town portfolio should be sufficiently liquid to enable the Town to meet all operating requirements
 - 3. Return on Investment – the Town should strive to attain a market-average return taking into account Town cash flow needs.
 - iii. As of June 30,2019, the Town's annual investment yield was 1.7% which was an improvement over the FY18 yield of 1.52%.
 - iv. At year-end FY2019, 37% of the Town's portfolio was invested in FDIC insured CDs and government securities. The remainder of fund balance was in the Town's operating bank account.
 - v. The Town earned \$568K in FY2019 in interest income.
 - vi. There was general discussion around the economy, investment strategy and the ability to hedge investments during a recession.
- **Budget Preview Spreadsheet**
 - a. Nathan began the discussion with a caution to the group that this is a very preliminary look at the budget that has not been vetted with the Town Manager and Department Heads. He also explained that needed headcount increases to allow the Fire Department to adequately serve the Town's needs is not included at this time as we are waiting for the results of a study being performed by a consultant.
 - i. Our present understanding is the report may include the addition of 3 full-time, around the clock EMT/Firefighters and 2 Per Diem EMT/Firefighters. The impact to the tax mil rate could be \$.65 based on rough estimates of the impact of that headcount increase. In addition, there will be Fire Station capital spending impacts due to the need to expand to accommodate the larger Fire Department.
 - 1. Councilor Trickett commented that it is important for Councilors to inform the public about the Fire Department issue as soon as possible.
 - a. Councilors present at the meeting agreed that communicating this issue was important and should begin immediately.
 - 2. The group discussed how best to communicate the issue and the need to include the history of the Department including how the Fire Chief was able to come up with ways to delay the need to employ a full-time Fire Department staff.
 - 3. Councilor Kuhn would like to have a presentation of this issue at a January Council meeting.

FY21 Budget

Challenges and Opportunities

Opportunities

Health Insurance rates in 2020 increased 5% versus 8% assumption

Full year of LED street light and LED lights project savings

Favorable variances – Vision upgrade in FY20, Debt service

Excise taxes YTD are pacing well over FY2020 Budget

State Revenue Share increases in State budget

Favorable Ambulance revenue in FY20

Interest income increases

Challenges

COLA wage increase

Staff increases – Administrative Analyst and Parks Maintenance

Fire Department staffing needs

Security enhancement costs

Communication Plan costs

Need for GIS services

Worker's Comp Increase due to increased experience rate

Other Notes

The FY2021 Capital plan appropriation request has come in at the levels projected in the FY2020 Budget Plan. The Capital Appropriation will add \$.03 to the mil rate in FY2021.