

Town Council Finance Sub-committee Meeting Minutes
COUNCIL CHAMBERS
Falmouth Town Hall
FEBRUARY 9th, 2015 – 4:00PM

Members Attendance: Russell Andersen, Caleb Hemphill, Sean Mahoney

Others in Attendance: Karen Farber (Council Chair); Claudia King (Town Council); Charlie McBrady (Town Council); Nathan Poore (Town Manager); Peter McHugh (Finance Director); Amy Lamontagne (Assistant Town Manager); Susan Gibney (Accountant); Theo Holtwijk (Economic Development Director); Jim Damicis (Camoin Associates); Andi Jackson-Darling (Falmouth Memorial Library Director); Vicki Swerdlow (Falmouth Memorial Library Accountant); Rob Emple (Falmouth Memorial Library Trustee and Treasurer, Finance Committee Chair); Allison Bishop (Falmouth Memorial Library Trustee and Finance Committee Member); Becky Carrier (Falmouth Memorial Library Finance Committee Member)

The meeting was called to order @ 4:04PM

1. We did not have a Finance Committee quorum at the start of the meeting so the Falmouth Memorial Library Budget presentation was moved to first on the agenda.
 - a. Two Budget alternatives were presented to the Finance Committee:
 - i. Budget A which contained a 10.9% increase in the Town contribution and represented 78.4% of Library funding.
 - ii. Budget B which contained a 5% increase in the Town contribution and represented 77% of Library funding.
 - b. The only difference in the 2 Budget alternatives was in salary. Budget B had a 2% wage increase. Budget A included wage adjustments that came out of a wage survey conducted by Library staff. The wage adjustments would bring hourly Library employees up to the average wage rate of communities included in the survey by job title. The library had lost a couple of employees over the last year due to pay rate issues and wanted to implement these wage adjustments to help retain the remaining employees.
 - c. There was discussion about the survey and the possibility of various expense reductions to help pay for the wage adjustments.
 - d. The committee voiced concern that the contribution percentage in both Budget scenarios exceeded the 75% contained in the Library MOU and that they may be OK with 77% on a temporary basis but were concerned about the 78.4%.
 - e. Library staff pointed out that fundraising would be difficult for the next couple of years due to the capital campaign.
 - f. After further discussion Committee Chair Anderson summarized the Committee position that Budget A was too high but that there was agreement that something in between Budget B and Budget A would be appropriate.
2. Approval of the minutes from January 22, 2015 Meeting.
 - a. Councilor Anderson had a correction to the minutes to Section 3.d.i where it was stated that CIP funding of \$10K per year for the Bike-Ped Plan to start so that funding was in place to implement the plan. The committee had only

recommended that funding be accelerated for the sensors for the Johnson Road and Nina's intersections and included in the FY2016 CIP plan.

- b. Hemphill moved to approve the minutes as amended, Councilor Anderson seconded. Motion carried 2-0 (Councilor Mahoney was not present at the January 22, 2015 meeting).
3. Presentation of proposed new Tax Increment Financing District.
 - a. Jim Damicis from Camoin Associates presented his analysis of the proposed Oceanview – Natural Gas TIF fiscal impact on the Town.
 - i. The TIF is estimated to generate an additional \$20.3 million in revenues over the next 30 years.
 - ii. By including 100% of the incremental valuation in the TIF for 30 years the Town annually avoids an estimated:
 1. Loss of \$381K in state aid to education
 2. Loss of \$15K in state municipal revenue sharing (at risk)
 3. Increase of \$51K in Cumberland County Tax Assessment
 - iii. The Town will avoid a total of \$13.4 million in negative impacts (\$13 million excluding state revenue sharing).
 - b. There was much discussion including potential school impacts, loss of flexibility on how the Town spends money and how the TIF impacts the Town's ability to do a TIF in the future.
 - c. Nathan Poore and Theo Holtwijk then presented the \$20.2 million TIF spending plan. Nathan explained that, although 2/3 of the items on the project list were or could be items in the Town's CIP Plan, placing them in the TIF prioritizes the projects and provides them with more definitive funding. This will ensure that proper capital infrastructure investments are made in support of economic development.
 - i. The TIF would cover \$126K in staff costs and offer flexibility to potentially staff energy sustainability and efficiency initiatives.
 - ii. The TIF application will need to be filed by March 1 and would be delayed a full year if the Town was unable to file by then.
 - iii. A Council Order would be needed at the February 23rd meeting to allow the application to be filed and a public hearing would be needed by April 1.
 - iv. There is a reach-back in TIF Valuation to April 2014 which would move \$7 million in incremental valuation to the TIF and reduce tax contribution to the general fund by \$90K. This would be made up by reductions in CIP appropriations in 2016 from the Streets CIP fund which would see significant shifts of spending from CIP to the TIF.
 - v. Much discussion ensued and Councilor Anderson voiced concern over the reach-back. Not doing the reach-back would reduce the total TIF spending plan by \$1.8 million.
4. Presentation of the Town Operating Budget.
 - a. Nathan Poore presented the proposed 2016 budget to the Committee.
 - i. Expenditures in the current budget proposal were \$380K or 3.3% higher than the FY2015 Budget offset by a \$44K decrease in the Overlay and a \$110K of 2.3% increase in non-tax revenues.
 - ii. The current proposal would raise the Town portion of the property tax mil rate by \$.068 or 2.4%.

1. An itemized list of expense reductions totaling the \$159K needed to produce a flat mil rate was then presented and included:
 - a. Savings from moving employees to the lower cost PPO 500 health insurance plan (\$33K)
 - b. Reduce Open Space Appropriation (\$24K)
 - c. Move expenses to the new TIF (\$77K)
 - d. Reduce Contingency account (\$10K)
 - e. Reduce budgeted fuel costs by \$.25 based on current prices (\$15K)
 2. Nathan presented the Budget spreadsheet to the Committee including a summary of the major expense increases over FY2015 Budget levels:
 - a. Salary, health insurance and retirements were the major variances with expenses like electricity, street lights and CIP making up the remaining variance.
 - b. Nathan then asked whether the Committee felt that the Town was on the right track with the Budget strategy of keeping a flat mil rate and the Committee agreed that it was the appropriate approach.
5. Adjourn
- a. The meeting adjourned at 6:50PM

Respectfully submitted by Peter McHugh