

# **Town Council Finance Sub-committee Meeting Minutes**

## **COUNCIL CHAMBERS**

### **Falmouth Town Hall**

### **March 8, 2017 – 5:30PM**

**Members Attendance:** Ned Kitchel (Finance Committee Chair), Charlie McBrady (Town Council), Andrea Ferrante (Town Council)

**Others in Attendance:** Karen Farber (Council Chair), Caleb Hemphill (Town Council), Claudia King (Town Council);

Nathan Poore (Town Manager); Peter McHugh (Finance Director); Amy Lamontagne (Assistant Town Manager); Susan Gibney (Accountant), Jay Reynolds (Public Works Director); Ed Tolan (Police Chief); John Kilbride (Police Lieutenant); Howard Rice (Fire Chief); Linda Case (Deputy Town Clerk); Lucky D'Ascanio (Community Programs Director); Amanda Stearns (Community Development Director); Pete Clark (Wastewater Superintendent); Marsha Clark (Falmouth Memorial Library President); Andi Jackson-Darling (Falmouth Memorial Library Director); Vicki Swerdlow (Falmouth Memorial Library); Allison Bishop (Falmouth memorial Library)

The meeting was called to order @ 5:35PM

- Councilor Ferrante moved to approve the minutes of February 8, 2017, motion was seconded by Councilor Kitchel. Minutes were approved.
- Falmouth Memorial Library Director Andi Jackson-Darling presented the revised FY2018 Library Budget.
  - a. The Town of Falmouth share of the budget was \$516,576, an increase of \$15,788 or 3.2% over the FY2017 Budget. The Town's budget contribution represents 78.2% of the Library Budget.
    - i. Budget contained a 3% staff salary increase, removal of the position addition requests, other budget line item cuts of \$11,132, and a \$31,600 increase in revenues primary from increased grant funds.
    - ii. The group discussed specifics of the plan and budget cuts made from the original budget submission at the January 11, 2017 Finance Committee and the impacts of those cuts.
- Nathan Poore then presented the FY2018 Town Budget to the group including a summary presentation and the FY 2018 Budget Book.
  - a. The proposed budget included the addition of 4 positions (Police Officer, Dispatcher, Public Works Project Manager/ Engineering Technician and Public Works Truck Driver/Laborer) needed to maintain Town Service levels. Other large increases included wage increases, health insurance, transfers to the CIP fund and worker's compensation.
  - b. The budget also proposed the addition of a Supervisor and Staff for an additional weekend ambulance crew to keep up with demand for that service.
  - c. These increases were offset by increased revenues and savings in fuel costs and street lighting.
  - d. The proposed Town portion of the budget represented a \$.10 mil or 3.4% increase over the FY2017 mil rate to 3.10 mils. Over the last 10 years, the Town average annual expense growth is 1.5%. Nathan also presented the

state-adjusted analysis of mil rates for all of the Greater Portland Area communities for the period FY2007 through FY2014 (the state analysis has a 2 year lag) and Falmouth has been in the lowest 3 communities during the period with the mil rate in FY2014 being the lowest of all communities in the area.

- e. Councilor Farber asked for clarification on the Open Space bullet point on the FY2018 Budget Challenges (page 3). There was discussion about how the use of undesignated fund balance applied to CIP and it was determined by the group that the bullet point should be reworded to properly describe the use of fund balance.
  - f. The title on the slide on page 5 should be corrected to say mil rate instead of tax rate.
  - g. The bullet point for Transfer to Special Revenue Fund on page 7 needs to be corrected to show the correct variance explanation.
  - h. The chart on Page 11 needs to be corrected to remove a yellow highlight from the FY2018 expense bar.
  - i. Councilor McBrady expressed his concern over budget increases for the Town, Library, and School given the proposed large decrease in anticipated State funding for the schools. He felt the Town headcount additions were important and that other budget items with lower priority should be examined closely. He questioned whether deferring or cutting Open Space funding was something that should be considered.
    - i. Here was much discussion about potential areas of opportunity to reduce the budget and the group was in agreement that they should be explored. One area the group wanted to explore was use of undesignated fund balance to fund one-time expenditures such as School construction projects.
    - ii. Councilor Kitchel mentioned that there was interest across the state to increase School funding which is currently projected to be reduced by \$960K for Falmouth in the Governor's proposed Budget.
    - iii. Councilors all agreed that the new Town positions were necessary and should not be cut.
    - iv. Nathan said Town Staff would evaluate options to reduce the mil rate impact of the budget without eliminating the new positions.
- Nathan presented and overview of significant investments that will be required over the next 10 years to our sewer plant to accommodate projected Town growth, sewer expansion in West Falmouth, needed Treatment Plant upgrades and the addition of a 3<sup>rd</sup> Aeration Tank.
    - a. The current Wastewater Budget proposal calls for a \$337K increase in operating expenses in FY2018 primarily driven by increased debt service due to the Mill Creek Pump Station and Force Main Upgrade project scheduled to be complete and in service by fall 2017.
    - b. The proposed budget includes a \$1.21 per month or 3% rate increase for sewer rate payers. This increase is consistent with the 10 year Wastewater plan completed last year.
  - Nathan presented the proposed Falmouth Tercentennial Celebration Budget for 2018.
    - a. The overall budget is \$304K and the proposed appropriation for FY2018 is \$222K funded from the Town's TIFs.
    - b. Councilor Ferrante felt that the project was too expensive and could be handled on a more volunteer basis for less money.

- c. Councilor Farber said that this item will need to be presented at a Council Meeting to get public input.
- Nathan presented an analysis of the proposed senior property tax discount program including how the program would work and the potential dollar impact of the program on Town tax revenues.
  - a. The program is based on the former State of Maine property tax circuit breaker program.
  - b. The total estimated expense liability is estimated to be \$482,000. Assuming 50% participation would reduce the liability to \$241,000. As an example, if the Town decided to finance a fixed amount of \$100,000 per year to fund this program, it would mean the program would be funded at 41.5%.
    - i. Councilor Kitchel felt the program was very expensive.
    - ii. Councilor Farber felt that this program would require a public vetting process and recommended waiting until this year's budget process was complete. All Councilors were in agreement with this recommendation.
- Adjourn – Councilor Ferrante made a motion to adjourn the meeting seconded by Councilor Kitchel. The meeting was adjourned at 8:20PM.

Respectfully submitted by Peter McHugh