

Town Council Finance Sub-Committee Meeting Minutes
LARGE CONFERENCE ROOM
Second Floor
Falmouth Town Hall
December 13th, 2018 – 5:30PM

Members Attendance: Amy Kuhn (Finance Committee Chair), Hope Cahan (Town Council), Ted Asherman (Town Council)

Others in Attendance: Caleb Hemphill (Council Chair), Danielle Tracy (School Board Chair), Jen Libby (School Finance Committee Chair), Julia Lucas (School Board), Nicole Benzanson (School Board).

Nathan Poore (Town Manager), Peter McHugh (Finance Director), Susan Gibney (Accountant), Geoff Bruno (School Superintendent), Dan O'Shea (School Director of Finance and Operations), Hank Farrah (Runyon, Kersteen, Ouellette), Parker Madden (Runyon, Kersteen, Ouellette), Gretchen McNulty (Falmouth Schools Director of Learning).

The meeting was called to order @ 5:30PM

- **Approval of the minutes from the November 19, 2018 meeting**
 - a. Councilor Asherman made a motion to approve, Councilor Cahan seconded. The minutes were approved.
- **Joint Town and School Finance Committee Meeting**
 - a. Hank Farrah and Parker Madden from Runyon, Kersteen, Ouellette presented the FY2018 audit results and an overview of the FY2018 financial results.
 - i. Mr. Madden presented a summary of the auditor's responsibilities when conducting an audit. The audit found no material weaknesses or significant deficiencies.
 - ii. Mr. Madden stated that a Single Audit was required to be performed as the Town met the minimum threshold of \$750K or more in Federal Grants. There were no findings in the Single Audit.
 - iii. Mr. Madden presented the Town's FY18 financial results. Highlights included total fund balance ending the year at \$9.9 million and Town expenditures were \$297K lower than Budget.
 - iv. State school funding percentage continued to fall from previous years dropping to 19.25% in FY2018 from 20.57% in FY2017 causing local tax funding to increase to 77.43% from 75.45% in FY2017.
 - b. **FY20 Budget Outlook**
 - i. Nathan Poore presented an overview of how things are looking for the FY20 Budget from the Town perspective identifying challenges and opportunities as they currently stand. A list of the Challenges and Opportunities is included at the end of the minutes.
 - 1. Councilor Cahan questioned why the Town Vehicle Maintenance facility no longer serviced the school. Nathan responded that it was a mutual decision by the Town and School based on the realization that this change would not

- result in increased costs to the school. Dan O'Shea agreed that the school has not seen an increase in costs.
2. Peter McHugh stated that the move was driven by the fact that it allowed the Town to reduce headcount and increase staff utilization.
 3. Councilor Cahan requested that this should continue to be monitored to determine if it would make sense to go back to servicing school vehicles at the maintenance facility.
- ii. Dan O'Shea and Geoff Bruno presented an overview of challenges and opportunities they see in the FY20 Budget. A list of the school Challenges and Opportunities is included at the end of the minutes.
1. The High School was a "Blue Ribbon" recipient in the Fall of 2018. All three schools have now received that award.
 2. State funding continues to be an issue as changes to the funding formula and a state shift of Maine PERS retirement costs to the local schools have caused a shift in costs to the local school districts.
 3. School enrollment increased 28 students to a total of 2,127 this past year. Projections for the next three years estimate the school system has the capacity to add another 20-25 students.
 4. There was significant discussion between the Councilors and school staff about the impact of growth on the school and potential cost impacts. School staff stated they felt they would be able to handle the growth projection over the next three years but are nearing maximum capacity.
 5. Councilors requested a copy of a school planning study that was done last year that looked at growth projections and potential impacts. Nathan will send a copy of the study to all Councilors.
 6. Councilor Kuhn is concerned about continued tax increases and suggested that the School look at adding a fundraising/outreach resource to help supplement school funding. She provided a contact from Portland who could share the experience of the Portland School District efforts.

- **Adjourn**

- a. Councilor Kuhn adjourned the meeting at 7:30PM.

Respectfully submitted by Peter McHugh

FY20 Budget

Challenges and Opportunities

Opportunities

Health Insurance rates in 2019 increased 2% versus 8% assumption

Vehicle Maintenance headcount reduced by one (no longer servicing school vehicles)

Full year of street light savings

Full year of Municipal energy savings from LED light project

Excise taxes YTD are pacing well so we may see a 2% -3% increase in FY2020

Challenges

COLA wage increase

State revenue uncertainty

Flat ambulance charge revenue despite increasing costs

FY2020 Police Department restructure costs

Full year of SRO (hired in January 2019)

Fire Department addition of a Tower Truck Operator/EMT position

Full year of Fire EMS position (hired in January 2019)

Incremental Library Debt Service (\$500K addition to Bond)

Other Notes

The FY2020 Capital plan appropriation request has come in at the levels projected in the FY2019 Budget Plan. The Capital Appropriation will add \$.05 to the mil rate in FY2020. The incremental Library Debt Service added \$40K to the FY2020 total.

Falmouth Public Schools
FY2019-2020 Budget
Challenges and Opportunities

Successes/Opportunities

- All three schools “Blue Ribbon” recipients (most recent is High School - Fall 2018)
- District (all three schools) led State in most recent MEA standardized test scores (one data set to inform instruction)
- Farm to School (Greenhouse/Gardens) - Program has grown significantly in short period of time; provides vegetables/produce for school nutrition program, educational program opportunities working with teachers and students in every grade, across multiple disciplines (science, art, math, social studies, government, humanities, etc.)
- Benefits of 2nd SRO on campus
- State government - more favorable/supportive of public education (funding?)
- 0% increase in health costs in FY18-19. Preliminary medical loss ratio data also looks favorable for FY19-20.
- Sustainability/energy efforts - composting, LED lighting, bio-diesel fuels, wood heat, collaborative work with Kim Darling, town sustainability director.
- Town/School shared efforts to connect with economic and business leaders in Falmouth (STEAM learning, internships, mentoring, speakers, financial support)
- Casco Bay Leadership Institute - inaugural cohort of 50 high school student-athletes learning how to be leaders (community business and gov’t leaders providing leadership skill training, mentoring).
- Service Learning - providing authentic connections and service opportunities in the community and world (all grades)
- Safer, more secure campus (physical improvements, process upgrades, cameras (buildings/buses), radios, risk assessment, safety team).
- NEASC Self-Evaluation - Re-accreditation process, usually for high schools, but Falmouth is undertaking a district-wide process K-12. Two-year process of self-reflection and goal setting.
- A desirable place to live and learn

Challenges/Knowns

- Projected increase in enrollment (both challenge and success). Up 28 students to 2127 over past year (20 students over projection), another 20-25 over next three years - classroom teacher and space pressures, facility needs.
- Contracts at 3% for teachers, 3% for bus/custodian, 2.25% for secretary/ed tech groups.
- Workers Comp rates rising 23% for calendar year 2019.
- Increased shift of employer share of MePERS (retirement) from State to local districts (4.8% increase over prior year). Now at 4.19% of all eligible compensation (teachers, ed techs, secretaries, school admin).
- Staffing (Student Needs) - 10.7 Special Ed ed techs added this year (unbudgeted) to address student needs (existing students and incoming). Increased needs for behavior and social emotional needs in early grades.
- FES organizational structure study/review
- Ongoing safety/security assessments and upgrades (building perimeters, access control, ID, cameras, radios, training)
- District-wide long-range facility needs assessment - Educational needs, STEAM, adequacy of learning spaces, conference/training space, Supt. Office, planning for enrollment growth, consideration of pre-K, early learning, CDS students.
- Capital Funding