

**Town Council Finance Sub-Committee Meeting Minutes**  
**COUNCIL CHAMBERS**  
**Falmouth Town Hall**  
**December 12th, 2019 – 5:30PM**

**Members Attendance:** Janice De Lima (Finance Committee Chair), Ted Asherman (Town Council)

**Others in Attendance:** Amy Kuhn (Council Chair), Caleb Hemphill (Town Council), Hope Cahan (Town Council), Danielle Tracy (School Board Chair), Nicole Bezanson (School Finance Committee Chair), Whitney Bruce (School Board), Krisztina Napolitano (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), **Ron Smith** (RHR Smith & Company), **Cathy Markavich** (RHR Smith & Company), **Karen Olivieri** (RHR Smith & Company), **Gretchen McNulty** (Falmouth Schools Director of Learning).

The meeting was called to order @ 5:40PM

- **Approval of the minutes from the November 20, 2019 meeting**
  - a. **Councilor Asherman made a motion to approve, Councilor De Lima seconded. The minutes were approved.**
- **Joint Town and School Finance Committee Meeting**
  - a. **Ron Smith from RHR Smith & Company presented the FY2019 audit results and an overview of the FY2019 financial results.**
    - i. **The audit found no material weaknesses or significant deficiencies.**
    - ii. **There were no findings in the Single Audit.**
    - iii. **Mr. Smith presented the Town's FY19 financial results. Highlights included unassigned fund balance ending the year at \$11.1 million and school unassigned fund balance was \$1.1 million. Town expenditures were \$450K lower than Budget.**
    - iv. **State school funding percentage continued to fall from previous years dropping to 21.17% in FY2019 from 23.72% in FY2018 causing local tax funding to increase to 78.44% from 75.92% in FY2018.**
      - 1. **The group discussed the results, fund balance and debt limits. Mr. Smith stated the Town fund balance was reasonable as was the amount of debt carried by the Town.**
        - a. **Councilor De Lima asked if there were any expense portions of the spending pie larger for Falmouth than other municipalities.**
          - i. **Mr. Smith stated the education was larger due to the fact that the Town is wealthy and expected to carry a larger portion of school fund at the local level.**

**b. FY21 Budget Outlook**

- i. Peter Mchugh and Nathan Poore presented an overview of how things are looking for the FY21 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. Fire Department staffing needs was identified as the largest challenge facing the Town in FY2021. Nathan mentioned that the next three Town newsletter will communicate this issue to residents and the Fire Chief will present the issue at the January 13 Town Council meeting. Results of the Staffing study will then be presented at the January 27 Town Council meeting.**
    - a. Councilor De Lima asked if there is a regional answer to the issue as this problem exists across the State. Nathan responded that it has been studied by GPGOG and other Towns and Cities but study results did not demonstrate potential savings opportunities.**
- ii. Dan O'Shea and Geoff Bruno presented an overview of challenges and opportunities they see for the school in the FY21 Budget. A list of the school Challenges and Successes/Opportunities is included at the end of the minutes.**
  - 1. All three schools were recognized nationally as "Blue Ribbon" schools.**
  - 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 decreased by 40 students and projected lower in FY21. This is both an opportunity and a caution.**
  - 4. The Farm to School program has been a great success and has grown significantly.**
    - a. Councilor Cahan feels that there needs to be more connection between the schools in efforts to reduce food waste.**
  - 5. Falmouth has undertaken the NEASC accreditation process district wide for K-12. The process has been a good one and they are currently implementing district-wide priorities.**
    - a. Councilor De Lima asked if there was incremental costs associated with maintaining the NEASC accreditation going forward.**
      - i. Gretchen McNulty responded that the process was focused on allocating existing resources to better serve educational needs unless there were safety and security issues that need to be addressed.**
  - 6. Dan O'Shea then described the school budget process and felt the strength of the process was the practice of full leadership review from all schools and department leadership for new initiatives.**

- **Review of FY21 Budget Schedule**
  - a. **It was noted that the January 13 School Board budget meeting was at the same time as the Town Council meeting and would not offer Councilors the opportunity to attend.**
    - i. **After some discussion it was decided that the School Board budget meeting should be recorded so Councilors could review it the next day and submit questions. Dan O'Shea also committed to sending Councilors the presentation before the meeting.**
    - ii.
- **Adjourn**
  - a. **Councilor De Lima adjourned the meeting at 7:50PM.**

**Respectfully submitted by Peter McHugh**

## **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 Plan. The Capital Appropriation will add \$.03 to the mil rate in FY2021.

Falmouth Public Schools  
FY20-21 Budget  
Successes/Opportunities & Challenges

Successes/Opportunities

- All three schools recognized nationally as "Blue Ribbon" schools of excellence. Most recent recognition FHS in Fall of 2018.
- 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.)
- NEASC Self-Evaluation - Re-accreditation process, usually for high schools, but Falmouth has undertaken a district-wide process K-12. Completed self-study and first accreditation visit. Currently implementing district-wide priorities and integrated them into an updated strategic planning document: the Falmouth Compass
- FES Admin structure - design to meet needs of students, staff, parents.
  - 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).
- Second School Resource Officer on campus is a resounding success.
- Facilities master planning

Budget Positives

- Budget Development Process - transparent, inclusive, consistent, needs based, district-priority driven.
- Enrollment drop in FY20 (40 students) and projected slightly lower for FY21 (class sizes/staffing considerations). Both opportunity and caution (anomaly vs. trend)
- Retirement of 1999 HS BAN debt (\$203k)
- Lower electricity supply cost - new 3-yr contract (Nov 2020-2023) (11.7% reduction)
- Solar net metering credits under new legislation (School part of buyer/investment pool for future large-scale remote solar grid development). Projected savings of \$40K+ per year, for twenty years, plus renewable energy

credits (keep/sell).

- Conversion in July 2019 to contracted night custodial services at Middle School (annual savings of \$ 125K+ per year).
- Completed conversion in 2019 to all LED lighting (all buildings and grounds)
- Budgeted Kindergarten teacher (FY20) not needed (projected enrollment not met).
- Campus heat (wood-chips) - continuing benefit - Annual cost \$ 150K (savings of \$300K+ per year). BTU/heat equivalent to \$1.07/gal oil cost.
- No increase in district-paid percentage of employer cost for MEPERS (teacher retirement) - staying at 4.16% (employer cost portion moved from State to local districts).
- Settled contracts (Sec/Ed Tech at 2.25% base increase, MBDC (maintenance/bus driver/custodian) at 2.0% base increase.

### Challenges

- State Funding - drop in enrollment will impact per-pupil allocation dollars. Preliminary funding report expected by Feb 2020.
- Health Premiums - Medical Loss Ratios trending higher, indicator of higher health insurance premium increase. Budgeting 9%, will know actual in April 2020.
- Teacher contract negotiations (ongoing). Outcome impacts 210+ professionals and budget (compensation/benefits).
  - Incoming CDS (Child Development Services) student population for Fall 2020 (25+ with identified needs)
- Increasing and more intensive English Language Learner (ELL) needs for new students (unbudgeted ELL Ed Tech add this year).
- Social, emotional, and behavior needs of students - program implementations, services, teacher training/tool kits, staff (student management).
- Special Education - Space needs/modifications to address populations moving between grades and schools. State investigation/planning to move CDS pre-K student care to public schools.
- Ongoing, sustainable funding of capital reserves.