

**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.

- b. Finance Director Peter McHugh presented an overview of major year-over-year variances and what was included in the projection and what was not included.
    - i. Total Operating expense is currently projected to increase 3.9% overall. Based on a rough estimate of non-tax revenues and a 1% growth in valuation, this would add \$.06 to the Town mil rate going from \$3.15 to \$3.21.
    - ii. A large portion of the Budget is salaries and benefits and does not include any potential equity pay adjustments or the Fire Department additions. Benefits were based on current run rates and will change when we get rate information from the providers.
    - iii. This scenario includes known cost increases but 32% of the line items were assumed to be flat. Changes to those items will not be known until Department heads submit their detail budgets.
    - iv. The group discussed the assumptions in the plan and what the impact of items not in the plan would be.
    - v. The group discussed the potential impact of the School Budget and the need to engage the School Board earlier.
      - 1. Councilor De Lima informed the group that she and Councilor Kuhn met with the School Board Finance Committee Chair to discuss having the Council get involved earlier in the process.
      - 2. Councilor De Lima let the group know that Councilors are invited to attend the School Board Finance Committee Budget meeting at 5:30 on January 13, 2020 at Falmouth Elementary School.
- Finance Committee Schedule and Agendas
  - a. Councilor De Lima requested that the January 13, 2020 School Board Budget meeting be added to the schedule.
- Adjourn
  - a. The meeting adjourned at 8:25PM.

Respectfully submitted by Peter McHugh