

Town Council Finance Sub-Committee Meeting Minutes
LARGE CONFERENCE ROOM
Falmouth Town Hall
February 12, 2020 – 5:30PM

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

Others in Attendance: Amy Kuhn (Town Council Chair), Caleb Hemphill (Town Council)

Nathan Poore (Town Manager); Peter McHugh (Finance Director); Amy Lamontagne (Assistant Town Manager), Susan Gibney (Assistant Finance Director), Fire/EMS Chief Howard Rice.

The meeting was called to order @ 5:35PM

- **Approval of January 8, 2020 Meeting Minutes.**
 - a. **Councilor Trickett moved to approve the minutes, seconded by Councilor Asherman. The minutes were approved.**
- **Presentation of Town Operating Budget Spreadsheets.**
 - a. **Nathan Poore and Pete McHugh presented the Town Proposed Budget worksheets showing a Base Case 3.9% increase in operating expense with a \$.03 mil rate reduction in the Town portion of the mil rate from \$3.15 to \$3.12.**
 - i. **It was noted that the Library Budget request was not in the current proposed Budget.**
 - ii. **Without the estimated impact of the increase in Homestead reimbursement from the State, the mil rate increase would have been \$.07 or 2.2%.**
 - 1. **Expense increase drivers included Staff COLA adjustments, union wage adjustments, and the addition of an Administrative Analyst and a ½ year of a Parks Maintenance position.**
 - 2. **Other drivers were employee benefits, worker's comp costs, implementation of the Communication plan, the Metro assessment and an increased CIP appropriation.**
 - 3. **Offsets included 6 months of energy savings from the Solar landfill project, computer purchases, fuel costs, computer service costs and reduced Brown-Tail Moth spraying costs.**
 - b. **Staff then presented the Base Case less 2% Scenario.**
 - i. **Listed expense cuts of \$281K included reductions in CIP appropriations for Open Space and replacement of the Community Center Gym Floor, contingency funds, the elimination of 2 Town-Wide mailings (from 4 to 2), social services funding, the annual banquet and employee development.**
 - ii. **These reductions reduced the mil rate by \$.12**
 - iii. **There was much discussion around ways to reduce the budget and increase non-tax revenues.**
 - c. **Staff then presented the Fire/EMS expansion recommendation.**
 - i. **Nathan explained the recent staffing study done by a consultant and the Town's approach to implementing some of the recommendations on staffing increases.**
 - ii. **The recommended budget is based on hiring a total of 14 FT Fire/EMS employees at Central Fire Station (8 hired July 2020 and 6 hired January 2021 with per diem FF/EMS added to cover the 6 added positions from July 2020 – January 2021. In addition, there were 3 daytime per diem positions added at the West Falmouth Station.**
 - iii. **Total incremental costs including equipment and gear is estimated at \$1,372K, Capital needs were estimated at \$150K. This would add \$.64 to the mil rate.**

- iv. The group then discussed the Plan with Chief Rice including what things will look like in the future.
 - v. Much discussion followed about possible ways to offset this large expense increase including a slower ramp-up, regional efforts etc.
 - vi. The group then discussed the status of the school budget process including the potential negative impact of a student reduction.
- d. The Committee decided that there should be a Finance Committee update on the Budget at the February 24 Council meeting presenting the large budget issues confronting both the Town and School.
- e. Nathan then summarized Budget adjustments Staff will make to the Budget and present to the Committee.
 - i. Make \$181K of the recommended 2% cuts (Reduce Open Space cut from \$190K to \$90K)
 - ii. Explore ways to increase non-property tax revenue by \$200K through increases in bag fees to cover the entire costs of trash removal and Harbor mooring fees to cover more of the costs to operate the Harbor.
 - iii. Add the Fire/EMS proposed budget with one change: reduce the CIP appropriation by \$100K.
 - iv. Add the Library Budget request to the Budget using the low end of the range they have proposed.
- f. Councilor Asherman asked staff to prepare a 3-year look ahead of major mil rate impacts which will include, among other things, a ramp-up to cover anticipated Bond payments for Fire Station improvements in FY22 and the anticipated County assessment increases associated with their fiscal year change in FY22.
- Staff then presented the Wastewater Operating Budget
 - a. Operating expenses of \$2,771K in \$363K or 16.6% higher than the FY20 Budget.
 - i. \$333K of the increase is due to debt service for the anticipated West Falmouth Sewer extension bond issuance.
 - ii. Excluding debt, the increase is \$30K or 1.24%
 - b. The Budget calls for a 3% user fee rate increase from \$44.19 to \$45.51
 - i. This is part of a 12-year rate plan. The plan is tracking very close to expectations and has stabilized Wastewater fund balance.
 - c. Staff then reviewed changes to the CIP, TIF and Special Revenue budget proposals since the January 8 presentation.
 - i. Building Security enhancements were increased from \$10K to \$100K in FY21 as the complete enhancement plan was finalized since January. This is funded using \$90K in uncommitted fund balance.
 - ii. \$40K in video equipment at Lunt Road was delayed until 2023 and replacement of the Parks X749 Tractor was delayed from 2020 to 2021.
 - iii. TIF changes included moving \$8K in GIS consulting costs to the TIFs from operating expense, 2.5% the Assistant Town Manager wages and benefits will be allocated to the West Falmouth and Ocean View/Natural Gas TIFs.
 - iv. The Recreation Special Revenue Fund was updated to better reflect revenue and expense changes allowing the removal of \$16K of General Fund appropriation from the operating budget.
- Adjourn – The meeting was adjourned at 9:15PM.

Respectfully submitted by Peter McHugh