

Finance Committee Meeting Minutes
Thursday, February 25, 2010
Room 209 – 5:30 pm

Attendees: Chair Jill Duson, Councilor Anton, Councilor Coyne, Ellen Sanborn, Suzanne Knight, Anita Lachance, and Joseph Gray.

Chair Duson called the meeting to order.

Item 1: Approve minutes from January 19, 2010 meeting

Motion made by Councilor Coyne to approve the minutes from January 19, 2010 meeting, seconded by Councilor Anton. Passed 3-0.

Joe Gray provided the committee an update on the City side of the budget now that he has received all department submissions. He said that the general fund expenditures increased by less than 5%, which translates to approximately \$6 million. Operating revenues have not increased overall and include a decrease in state revenue sharing and \$1.4 million in general assistance. Joe said that he is hearing from Pat Finnegan that the GA cut is not likely to be approved and also that the Maine Care cut will not be as significant as originally expected. The Governor is putting in another supplemental budget. Joe said that departmental budget submissions do not include any capital outlay, and we are not expecting an increase in overall property valuation. The Assessor has said that residential properties seem to be stable although he is seeing an increase in requests for abatements in commercial properties. The submitted budget would require a 12% tax rate increase which amounts to \$8 million. Joe requested departments to provide reductions and service impacts based on varying percentage targets they were given. The results totaled \$3.5 million to \$5 million, and would eliminate between 55 and 75 positions. Last week he met with departments to see how they will achieve these savings. He said they will be meeting again during the next few weeks to finalize his recommendations. He said they are not going to be pleasant reductions and will include eliminating services. Joe said that the difference this year is that in order to get down to the level we are not just talking about cuts but also talking about eliminating programs. Councilor Anton asked how this will be handled. Joe explained that he will be sitting down with departments over the next two weeks to review service impacts and translating into the bottom line.

Councilor Anton asked about a broader outline and would like to have an idea of what the numbers are. He is also interested in any proposed structural changes that might take multiple years to roll out. Joe said he will be putting information into his newsletter so that all councilors get a backdrop. City budget is due to council on April 5th, with Finance Committee budget reviews starting on April 6th.

Item 2: Multi-year Budget Forecasting (MBF) – Review of major revenues history

Ellen provided members with a memo outlining multiyear non-tax revenue estimates. She explained the estimate that she had departments provide. Chair Duson asked about the trend information. Ellen hopes to have this to finance committee by next week, and will add 2006, 2007 and 2008 actuals. Revenue sharing shows what we have been experiencing each year.

Councilor Anton asked for a follow up on the Medicaid account 4200. He would like the reasoning behind the drop. Ellen explained that it is not just the 10%. This is the change in how targeted case management is reimbursed. Last fall they implemented this change and next year it will be a \$450,000 hit in addition to 10% decrease. Councilor Anton feels it would be helpful to show revenues attached to program. He asked about the fund balance appropriation. Ellen said that she is not budgeting to increase fund balance in FY11, but would expect to begin contributing again in FY12. She said we still have policy and our goal and we will need to show effort to reach that goal. Councilor Anton is trying to sort out what revenues we have no control over, discretionary and other. He would like it categorized to help him understand what we have control over. Ellen answered that honestly this would take quite some time. It will have to be done manually and most likely not able to be done for this budget process. Councilor Anton understands there will be a ramp up time and hopes going forward there is a way to establish this. Councilor Anton is glad that we are doing this first step. Chair Duson said she vaguely remembers receiving a narrative that separated out this. Ellen agreed that this has been done on broader categories.

Councilor Anton asked that at the conclusion of the FY11 process to have mapping in place for following year's budgets. Ellen explained that revenue estimates start in November and are in place by December. She said that the expenditure part of the budget will be based on wages and contractual detail. She will have to make some assumptions with wages in budget.

Chair Duson said that at the end of the council year they will have gone through the FY11 budget process and will have moved forward with getting to a 95% confidence level with projected revenue and expenditures for two years forward. Councilor Anton was hoping for this at the conclusion of budget process. He feels this will be a product of this committee that will be to passed on to future committees.

Item 3: Review amendment to Long-term Debt Resolution

Councilor Anton explained that Finance Committee approved to send this to council and that it was referred back to Finance Committee. Chair Duson asked why it was send back. Ellen remembers council talking about the limit and that this was meant to memorialize that we do borrow more from time to time. Councilor Anton would like to see a debt policy on how debt is managed. Chair Duson agrees and feels it would be appropriate to have a debt management policy. Councilor Coyne said most of this would be memorializing existing practice. Ellen explained that this amendment was only to address the short term borrowing the City currently does but is not covered in the Long-term Debt Policy, and if the Committee wished to revisit the complete policy, she was not prepared to discuss it at this time and it should be postponed to another agenda at a later date. It was agreed that this issue will be pursued on a future agenda.

Item 4: Review of April meeting schedule for budget reviews

Review and discussion on the meeting schedule. Ellen explained that typically the first day is a run through of the budget and smaller departments. Then larger departments are scheduled. Chair Duson requested that the Peaks Island Council be informed.

6:30-7:30 Joint with School Finance Committee

Attendees: Kate Snyder, Peter Eglinton, James Morse, Jaimey Caron, Herb Hopkins.

Item 5: Discussion of FY2011 Budget

Chair Snyder said they would like to revisit the collaboration agreement that was originally prepared by Jim Cohen and Peter Eglinton. She provided a proposed budget collaboration agreement. After discussion, Ellen suggested that it be changed to say “ongoing or annual school budget” rather than quote specific years. Kate will revise this and send it to Chair Duson for her signature. Motion made by Councilor Anton to accept this budget collaboration agreement, seconded by Councilor Coyne. Motion passed 3-0.

Next, she wanted to review the table of contents of information that was requested by councilors during last year’s budget process to see if there should be any additions/revisions. Councilor Anton would like the school to cross things off and to use their discretion. Kate feels that a lot of these elements will show up in this year’s budget with multiyear budgeting. She said the document itself is about 150 pages and has been a great communication tool. Some portions are very budget specific with a lot of appendices. Jim said that once this is updated and he will provide three extra copies to the city’s finance committee. Chair Duson thanked him and said she appreciates that they have done this.

Councilor Anton explained that Joe provided the committee with a rough outline of the City’s budget and asked Jim if he could provide the same. Jim said that the school is impacted by about \$8 million, with \$4.3 million in lost state revenue and \$1 million in Medicaid. The state has required that they take \$1 million of the Title 1 funds to be set aside for non-personnel training, etc. Base and teachers have negotiated a zero increase. The teachers increase is \$1.2 million with lane changes accounting for \$900,000. Health insurance as at a 10% increase, but he felt the final number would be lower than 8%. They will be adjusting based on health care costs. He said his approach is to cut by levels with goals. Elementary needs to cut \$650,000; middle school \$1 million with high schools slightly over \$1 million, and special education cuts, bringing the budget in at \$88.5 million. Jim said he is still massaging the numbers but essentially with these significant reductions this is \$3 million less than the current proposed budget. He said along with these significant reductions they will not be replacing 34 of the 40 vacant positions and are looking at about 100 layoffs.

Chair Snyder also provided an update from management on the audit report.

Meeting adjourned.