

**Joint City/School Finance Committee
Meeting Minutes
Thursday, March 25, 2010
Room 209 – 6:00 p.m.**

Attendees: Chair Jill Duson, Councilor John Anton, Councilor John Coyne. Councilor Dan Skolnik, Ellen Sanborn, Anita LaChance, Suzanne Knight, Chair Kate Snyder, James Morse, Herb Hopkins, Jamie Caron, Marnie Morrione, Peter Eglinton, Justin Costa.

Chair Duson called the meeting to order and asked for motion to approve minutes.

Item 1: Approve Minutes from February 25, 2010 Meeting

Motion made by Councilor Anton to approve Minutes from February 25th meeting, seconded by Councilor Coyne. Motion passed 3-0.

After introductions Chair Duson asked Chair Snyder to provide an update on the School's budget.

Item 2: Discussion of FY2011 Budget

Chair Snyder asked if the committee wanted full details or to focus on the front page of the budget. Chair Duson felt it would be good to touch base on the high points and distribution that is being received from the State. Kate explained that their strategy was to take the process slowly. The State subsidy has decreased from \$14.6 million in FY10 to \$11.7 million in FY11, which is around \$3 million less. Local revenues also decreased with increases in contractual. She said the committee knew that the starting point had to be very conservative. They experienced a mid-year curtailment. All through February the finance committee had cost center meetings. Special Education has been a big driver for them. Kate said it was very constructive working with the elementary, middle and high schools. She provided a memo overviewing the unmet needs that were not included in the Superintendent's budget. Discussion was held on what was put back into the budget including 8.4 ELL teachers so they would be back in compliance. This budget increases taxes by 1.2%. She said there is an additional \$248,000 coming to Portland from the State. Jamie added that the Superintendent built a budget that did not include the \$1.3 million from the State and they used about \$900,000 for tax relief. Chair Snyder said the finance committee voted to remove the \$600,000 from the fund balance line and have \$300,000 allocated as a contingency fund.

Mayor Mavodones asked for clarification on the amount to be raised by taxes and the total amount to be received by the State. Councilor Anton would like more detail on the consolidation between the School and City in certain functional areas such as maintenance and human resources and how this will be reflected in this budget. James said the conversations regarding the HR Director have been consistent and in the last conversation it was decided to have me participate in the City's interview process of HR

Director with the purpose of finding someone that could step up to manage both operations. He said if there is not candidate that meets both needs he has approximately \$97,000 uncommitted that would secure an HR manager. He is prepared to go in either direction. This piece is unresolved and conversations are ongoing.

On the maintenance piece they have eliminated the maintenance supervisor which allows continued discussions with having the City manage this function with funding from the school to the City. James said reorganization costs are reflected in this budget but positions have not been filled. Councilor Anton requested more information on the reorganization. Anita explained that there is one supervisor position in the school who would report to the City's facilities manager. Anita said it will show up as an increase in the City budget and a charge back to the school. Councilor Anton asked where this shows up in the School's budget. Herb explained that it is currently a salary line under maintenance. Councilor Anton asked if the HR position were successful how that would work for budgetary purposes. Ellen explained that at this point it is unclear how the position will show for budgetary purposes. Chair Duson would like to see the two consolidations costed out with the proposed savings and to have it in a posture that the committee could vote on it. Mayor Mavodones said it is his understanding that the maintenance consolidation has been worked out, but feels that the HR position has not been worked out entirely and it's premature to state at this time. Chair Duson agreed that this hasn't been figured out and still needs to be worked on. Councilor Mavodones asked if the contractual services that the City would be paid for is in the school's budget. Anita explained that this will show up in the next revised budget because it has just been worked out. She said there will be a net increase and that two City positions have been moved up a pay grade. Discussions were held on the mid-year cuts to make up for the \$2.7 million curtailment. Jamie explained that there was deferred maintenance, supply accounts were cut, decisions were made in the transportation budget and positions were frozen. He pointed out that this had to come from other areas besides staffing. Councilor Coyne asked how many positions were being reduced in this budget in terms of the total number of bodies. Jim said a total of 53 positions that they are not bringing back. Approximately 20 of these positions are retirements.

Public comment was taken.

Chair Snyder said that the school committee decided to set aside a \$300,000 contingency fund that they could control where the money would be spent and to cover emergencies. James said he feels this is important to have to be able to deal with things internally. He said that he feels it would be embarrassing to come to the council to be able to act to unforeseen circumstances. Feels it's important to have this to be able to deal with things internally. Councilor Anton said that he appreciates all the work the school committee has put into this budget, but feels that these funds should be included in the City's Fund Balance. He is also concerned with the 63 positions being eliminated and that there are no administrative positions within these eliminations.

Mayor Mavodones agrees with Councilor Anton that the school committee has done a lot of good work in preparing this budget and wanted to discuss the amount to be raised by

taxes especially where the City will be bringing a budget in with layoffs also. Ellen said that given the fact that they now have referendum voting on the school budget she's not sure how this will work with a contingency. She will consult with Corporation Counsel. This is the third year of the referendum process and voters will be asked if they want to continue with referendums and the validation process.

Chair Duson commented that she believes it will be a difficult conversation having an increase in taxes this year. She realizes there are no easy decisions, she just has trouble advocating to full council about increase in taxes. Discussion was held on fund balance and how it works. Ellen explained that the School's budget is based heavily on wages and the City's is based on supply. She was more concerned where we were a couple of years ago and feels that the school committee has been responsible. Ratings are based on financial control and management of your budget. The City has always made mid-year adjustments.

Discussion was held on the percentage increase in taxes. Mayor Mavodones said he feels it's running between one and three percent. Chair Duson felt it premature to discuss percentages because they need to know where the City's budget comes in.

Chair Snyder said it has been a constant struggle to maintain viable schools and wants to keep schools attractive. She feels this budget has the right kind of balance and thanked the committee for the opportunity to discuss it.

Meeting adjourned.