

**Finance Committee  
Meeting Minutes  
Thursday, July 30, 2009  
Room 209**

**Attendees:** Chairman Mavodones, Councilor Anton, Anita Lachance, Joe Gray, Ellen Sanborn, Mary Costigan, Greg Mitchell. (Councilor Waxman absent)

**Item 1: Approve minutes from June 17<sup>th</sup> and June 30<sup>th</sup> meetings.**

Motion made by Councilor Anton to approve minutes from June 17<sup>th</sup> and June 30<sup>th</sup> meetings, seconded by Councilor Mavodones. Passes 2-0.

**Item 2: Review and discussion of Waterfront Improvement Fund.**

Councilor Anton met with Ellen and Mary to go over the details of the proposed Waterfront Improvement Fund. Mary has drafted a revision which is what is before the Committee. The purpose is to create a dedicated Waterfront Improvement Fund, funded with 100% of the increment from the TIF and proceeds from any municipal property sale within the TIF district, to be used for marine related purposes. He asked to have the calculation language removed and Mary said that legally this language needs to stay. Ellen's expressed concern was about the creation of this fund prompting requests for other types of similar funds.

Councilor Anton stated that the waterfront is an area of great significance and importance for the City, and therefore needs support from this type of fund. Ellen said she felt more comfortable that this is an established TIF that has just not been fully funded in the past, and this revision would allow it to accumulate funds. Greg said that this TIF is in the 8<sup>th</sup> year of a 10 year term. He feels that along with the amendment there should be a companion order to extend this TIF. Ellen felt that another ten years would be sufficient. Councilor Anton would like to bring both items to council. Ellen restated a concern that the revision include a first priority of payment for the Ocean Gateway debt service, which was approved by the Council in 2002. Councilor Mavodones asked about financial impact. Ellen explained that capturing 100% of TIF revenue will be a reduction in tax revenue available for operating expenses, and that the final amount will depends on the tax rate. Based on FY2010, that amount would have been about \$70,000. Councilor Anton asked if an estimated cap could be calculated. Greg explained that the way program is written is property's increase in value needs to be \$400,000 in order to be eligible. Mary explained that the ordinance limits the total aggregate amount of captured assessment in the Waterfront TIF Districts to 1.25% of the total taxable valuation of the city. The maximum allowable amount of captured assessment city-wide is around 5% of valuation. Councilor Anton asked if there can be a calculation taking the 1.25% of valuation of City TIFs and compare it with existing increment.

Chairman Mavodones asked that this be put on the August 27<sup>th</sup> agenda with staff providing information on changes and also extending the TIF for another 10 years. Joe said this could go to council the first of September.

**Item 3: Discussion on revenue forecasting.**

Discussion was held on the article in the newspaper regarding revenue forecasting stating that this is a worthy exercise. Councilor Anton's interest in doing this is twofold. First, he feels that revenue forecasting would establish a baseline of expenses. Second, it would also be applied to

capital improvement. He realizes that current capital improvements are significant and understands that the City is not in a financial position to undertake a lot at this time. He feels that revenue forecasting would help to have a context of what may be affordable in future years. Joe feels that three years is appropriate for forecasting. Councilor Anton asked for a look at different revenue streams and volatility. Chairman Mavodones understands that expenses are easier to predict. Joe said he will be meeting with department heads to begin discussion about FY2011 budget, and be looking at big picture items. City contributions is another area that should be discussed as a big picture item. Ellen feels that talking about these now will provide time to implement them. Nick asked how difficult of a task is it to put together a framework of what these revenues might look like for three years. Ellen replied that projections for expenses and revenues are currently done for the short term and can be extended. She will ask certain departments to provide revenue projections. Councilor Anton would like to see this on the personnel side in terms of unions. Chairman Mavodones feels caution should be used on the percentages with bargaining units. Discussion was held on having this completed by September/October for three years out. Councilor Anton asked about the school doing this also. Ellen said that she knows Jim wants to do this, and it makes sense to have the school involved in this. Joe and Ellen will meet with Jim.

**Item 4: Discussion on capital improvements budgeting and financing.**

Joe met with departments last week and has done a first cut. He plans to come in at the \$10 million cap. The \$3.5 million balance owed to TPL is part of the CIP, and is due in April. Joe said the City received a block grant for Dougherty field and some stimulus funding for paving and bridge work. He said there is a tentative \$1.2 million grant for Deering Oaks Park, which would require a significant local match. He said that they will be meeting to discuss the Ameresco report to set priorities for those projects. Discussion was held on raising the borrowing cap. Ellen said the energy improvements would be considered outside of the cap, as long as the debt service was covered by energy savings. She also stated that equipment may be need to be a separate short term financing policy, to coincide with a replacement program.

Councilor Anton is also interested something equivalent to what WBRC did on school buildings showing what needs to be done for city buildings. He said in terms of this year's capital budget he would be advocating for knocking down the categories where the city has received funding for paving. He would like to put on table the technology bond, and advocates putting aside \$500,000 for short term borrowing. Ellen said the CIP will come to the Committee on August 27<sup>th</sup> and this needs to be acted on because of the commitment to TPL to approve financing their payment by September 21, and it requires two readings. Chairman Mavodones feels that we should go with \$10 million and then identify short term needs. Ellen reminded committee that the School may have an EPS component with borrowing and that \$500,000 is not a huge amount of debt service. Ellen said that she will need more time to put a separate program together for short term borrowings.

**Item 5: Other Business**

Discussion on appointing Councilor Anton to the County Budget Committee. Joe will talk to the Mayor to have him appointed.