

**Finance Committee
Meeting Minutes
Thursday, August 27, 2009
Room 209**

Attendees: Chairman Mavodones, Councilor Anton, Joe Gray, Ellen Sanborn, Suzanne Knight, John Peverada, Penny Littell, Tom Civiello, Fred LaMontagne, Jim Morse and Mike Bobinsky. Members of the Public.

Chairman Mavodones called the meeting to order.

Item 1: Approve Minutes from July 30th and August 11th meetings.

Motion made by Councilor Anton to approve minutes from July 30th and August 11th meetings with corrections to August 11th minutes to reword “thermal covering” to “solar thermal hot water heating” and a typo, seconded by Councilor Mavodones. Motion passed 2-0.

Item 2: Follow Up Discussion and Recommendation on Waterfront Improvement Fund.

Discussion was held on whether to recommend this to full council. Chairman Mavodones and Councilor Anton agreed to recommend this to council for action. Motion made by Councilor Anton to recommend amended Waterfront TIF order to full council. Joe asked for continued flexibility in accordance with budgeting. Ellen explained that this will not give flexibility as it is 100% of TIF. Joe expressed his concerns in terms of sale of city owned property as each year it varies on how important the sales proceeds are to the budget. His concern is the complete dedication of 100% to the Waterfront TIF, not being sure that future budgets will allow that type of commitment. Councilor Anton feels that capital needs on the waterfront are extensive and that it is important to set funds aside to pay for them.

Chairman Mavodones suggested that given Joe’s concerns and comments this should be discussed and reviewed with all three committee members present. Councilor Anton agreed and withdrew his motion. This will be put on the Finance Committee agenda for September 24th. Ellen asked members if they felt the information Greg Mitchell provided was sufficient, or if they needed anything more. The Committee indicated they had sufficient information.

Item 3: Capital Improvement Program

a. 2009 CIP Detail

Joe provided a memo outlining the proposed FY09 Capital Improvement Plan (CIP). He said that he received requests exceeding \$24.5 million and had to narrow these down to stay within the \$10 million policy set in 2002. He explained that earlier this year the council agreed to meet the City’s obligation to the Trust for Public Lands through the capital budget. This is outlined in an agreement that requires approval of financing any remaining amount due on April 1, 2010, up to the estimated total of \$3.5 million. That approval must be made by

September 21, 2009. This leaves only \$6.5 million for other capital improvements. He explained the CIP in detail as follows:

Transportation: Recommending \$1.745 million in street and sidewalk projects, including local share of grants. The Walton Street sidewalk was a Planning Board requirement for the Ocean Avenue School construction. Given the capital demands paving has been reduced to \$650,000.

Facilities: The major project is the Fireboat quarters. On the Maine State Pier, the dolphins and fendering need replacement, and in accordance with ADA regulations the gangway needs to be replaced to accommodate cruise ships.

Schools – Telecomm & security system for Portland High School. The initials (QSCB) stand for *Qualified School Construction Bonds* – interest free borrowing for up to 15 years.

Parks – Recommending improvements to Deering Oaks Bridge. Design and engineering was funded in last year's budget.

Recreation – There have been a couple of incidents with injuries in the bleachers at Fitzpatrick stadium where people were attending football/soccer games. This would be the first phase of replacement with the second phase next year. Also, recommending allocation for the skateboard park at the St. James Street location. Also Phase II of Riverton Pool Retrofit which will complete this project.

Economic Development – Riverside Street – TPL Payment.

Equipment – This consists of Engine 5 phased funding, with first phase funded in CIP08. Also local match for Port Security Grant.

Sewer – Along with the CSO work there are easements that the City needs to acquire.

Lastly, Public Art - \$50,000; and Land Bank - \$50,000. The above projects bring the total CIP to \$10 million.

Ellen provided handouts showing status of 2007 and 2008 CIP projects outlining budgeted, expended, encumbered and balances. Councilor Anton asked if there is any opportunity to redirect proceeds from these projects. Ellen explained that it is still too early to determine. She explained that there is not a lot here that hasn't already been committed. Joe is looking to the Finance Committee for recommendation and vote to bring the CIP to full council.

Councilor Anton questioned why easement acquisitions do not come out of the CSO. Joe explained that they do not qualify for funding through the State's financing program for CSO. Councilor Anton asked how much of this debt is enterprise fund related. Ellen

explained that this is the only one. Jetport and CSO debt are not included in the \$10 million cap.

b. Four-year CIP Plan (2009-2012)

Joe explained that this had been requested by Councilor Anton. He said several years ago they did a 10-year projected plan with specifics for two years. They stopped this process because it was very difficult projecting out that far and it is subject to emergencies such as this year with the \$3.5 million obligation to TPL. Joe met with departments to compile these projections. He said the City will always have roads and sidewalk work to complete and will continue to work with MDOT for match funding on projects. The City is going to need to look at fire stations in terms of geographical distribution. He is hoping over the next three years to do some consolidation. He is working on the assumption that the council wants development on the Maine State Pier which will require marine improvements. There needs to be some strategic planning with ongoing building repairs as there certainly is a long list of them. Deering Oaks, Fitzpatrick Stadium and Dougherty field make up the recreation portion. Joe said a decision needs to be made about having a snow melter as space is running out in the Bayside area. The Fire Department is going to require funding for replacement of an area ladder. Joe said that the City has been encouraged by MMA to set aside funding in order to pay off workers compensation settlements.

Councilor Anton appreciates the narrative. He would like to see a comprehensive assessment like the school department has been doing on the City's public facilities. This way he will know what is not being chosen. Councilor Anton would also like to see strategic planning for equipment. He is concerned with expenditures for quarters for the fireboat crew. He also feels that a 40% match on Deering Oaks becomes a significant amount and needs to be considered with other parks needs. Joe explained that in terms of the bridge at Deering Oaks that the City made the commitment last year when we did the engineering work. Joe did inquire as to whether federal funding could be used for the bridge and was told it cannot. Anton asked what the 40% match amount is. Joe said \$600,000.

Fred explained they originally discussed having the fire quarters in the Casco Bay conference room behind the sitting area by placing on a second story. Original estimates were pretty high. The new international building code (IBC) classifies fire stations as an "essential facility," which requires a higher degree of structural capacity to resist seismic and wind loads. Rather than renovating the whole Casco Bay building, it was determined that it would be best to build a stand-alone structure. This would be built on pilings so we would not have to renovate the whole Casco Bay building.

Councilor Anton asked about building this at the POT. Fred explained that the pier in terms of supporting a structure was an issue. This location also serves a variety of ships being tied up and didn't blend for the intended use. He explained that if they were to build inside of the POT they would be required to renovate the

whole POT. Fred said they need around 100-150' for boat access and have looked at the paint building at the Ocean Gateway along with all possible areas along the waterfront. Fred said current quarters are inside a windowless space in the Casco Bay building. Chairman Mavodones said this space is narrow and very cramped. Councilor Anton said this figures out to be around \$800 per square foot which is extreme. Fred is open to suggestions but stated they have explored every possible option.

Councilor Anton asked in terms of moving the CIP along for first reading understanding that the driver is the \$3.5 TPL payment could this be split up. Ellen explained that if they want to split this up for approval it has to be specific for bonding. Chairman Mavodones stated he is inclined to do the TPL payment which is time sensitive and approving the rest of the CIP by October.

Discussion was held on the other items in the CIP and whether or not they are time sensitive. Mike Bobinsky said the only project that has issues for him is Riverside/Warren because it is in the final stage of design. Chairman Mavodones asked Fred about the timeframe for the fireboat quarters. Fred said that delaying this until September or October would not be too much of a detriment for getting construction underway. Fred said they were hoping to get support in stimulus money or discretionary funding from public safety which didn't work out. He said they are looking at all sources but doesn't see anything forthcoming.

The items that Councilor Anton feels the committee needs to devote more time to are:

1. Sewer easements with the possibility taking them out of the cap.
2. The Deering Oaks Bridge in the context of parks capital needs.
3. More information on the fireboat quarters, particularly an analysis of strategies. Also, the possibility of a more cost-effective solution with city owned land.

Councilor Anton said he would make himself available to the Chief to explore any opportunity.

Councilor Anton would like to send the items having match dollars and the TPL to council. Chairman Mavodones asked if TPL is the only time sensitive and the others items are not why should these be lumped together. Councilor Anton said his thought was that the match funding pieces would not be objected to. Chairman Mavodones felt most comfortable with recommending just the TPL and having other items come back to full committee for recommendation.

Councilor Anton made motion to have the \$3,500,000 TPL portion of the CIP brought forward to Council for first read on September 9, 2009 and passage on September 21st, seconded by Councilor Mavodones. Motion passed 2-0.

Councilor Anton made motion to bring the CIP back to Finance Committee on September 24th for approval and recommendation for first reading in October, seconded by Councilor Mavodones. Motion passed 2-0.

Item 4: Amendment to Long-term Debt Resolution – short-term financing for non capital improvements

Ellen is proposing an amendment to the long term debt resolution which was approved by council in January 2002. She would like this to include short term financing for non-capital improvements. These financings are for short term equipment and technology needs.

Councilor Anton asked for a history of short term borrowings. Ellen explained that the Council has, in past years, approved various short-term financing for capital outlay items as part of the annual budget process. He would like some historical context, where this is borrowing outside of the cap. Councilor Mavodones said he recalls this as part of the capital outlay. Ellen said that in terms of the rating agencies she would like to have parameters outlined and a written resolution to support the action. Chairman Mavodones asked about time sensitivity. Ellen said she was hoping to get this approved today. She explained that these financings are short term, typically five-10 years and are combined with CIP bond sale to achieve favorable interest rates. Jim Morse said he and Ellen have been discussing this and approving this would allow the school to move forward with technology upgrades.

Councilor Anton made motion to recommend new Long-term Debt Resolution be brought to council on September 9th, seconded by Councilor Mavodones. Motion passed 2-0.

Item 5: Equipment List of proposed short term financing items

Motion made by Councilor Mavodones to recommend short term equipment borrowings equipment list to council on September 9th, seconded by Councilor Anton.

Item 6: Other Business

Discussion was held on having the Waterfront TIF and CIP come back to the October 24th meeting. Ellen said the only thing not addressed on the work plan is procurement policy and electricity. Councilor Anton felt these could wait with the upcoming audit being more important. Ellen said that the meeting with the auditors will be in October.

Discussion was held on the joint meetings to see progress on MOUs. Jim said that he and Anita have been working on these, but that Anita is on vacation. Jim said he will touch base with Anita and provide the committee with progress to date. Councilor Anton feels this would be beneficial in terms of a check in.

Councilor Anton said that Mark Reilly had brought up the issue of waiving certain veteran fees for cemetery. The Committee agreed to put this on the agenda for September 24.