BUDGET COMMITTEE MEETING
APRIL 22, 2021

NOTE: Due to COVID-19, this meeting was held virtually (via ZOOM), and was live streamed on the City's website

Mayor Casavant called the Budget Committee to order at 5:30 p.m.

Roll Call: William Emhiser, John McCurry, Jr., Stephen St. Cyr, Robert Quattrone, Jr., Amy Clearwater, Norman Belanger, Doris Ortiz, Marc Lessard

Michael Ready was excused.

Discussion of FY22 Proposed City Government & School Department Budgets:
City Manager James Bennett noted the remaining Budget Committee meeting schedule, which has the Committee wrapping up the budget on April 29th and passing it along to the City Council.

Prior to this meeting, Jim had distributed a Budget Memo that addressed the outstanding issues that the Budget Committee needs to deal with. Those issues are:

Budgets Remaining at Budget Committee Level:

The following general fund budgets remain at the Budget Committee level:

Budget	FY21 Budget	Dept. Req.	CM Rec
21107 - Computer Services	165,578.00	302,906.12	191,606.12
21109 - Planning/Economic Dev.	361,421.00	380,346.19	368,346.19
21110 - Code Enforcement/Inspections	397,065.00	441,340.53	410,975.53
21111 - General Administration	2,599,712.00	2,548,009.86	2,493,325.86
21123 - Community Center	211,751.00	219,310.23	218,710.23
21124 - Recreation	531,457.00	577,809.11	576,711.11
21127 - Social Services	88,900.00	90,000.00	90,000.00
21128 - Municipal Services	875,588.00	889,868.00	889,868.00
21131 - Communications	283,380.00	275,101.53	275,101.53
21141 - Fire Dept.	3,499,856.00	4,056,691.66	3,522,630.83
21145 - Hydrant Rental	427,500.00	475,307.27	450,307.27
21146 - Police Dept.	3,974,503.00	4,343,971.91	4,264,261.22
21164 - Solid Waste Management	1,260,198.00	1,287,778.56	1,245,252.56
21165 - Parks Maintenance	506,315.00	545,392.47	532,596.34
21179 - Fringe Benefits	6,086,472.00	6,515,644.35	6,465,519.21
21181 - County Tax	1,323,152.00	1,323,152.49	1,323,152.49
21185 - Debt Service - Principal	2,191,308.00	2,898,557.37	2,898,557.37
21186 - Debt Service - Interest	685,231.00	1,154,614.56	1,154,614.56
21199 - Transfers Out	600,000.00	600,000.00	600,000.00
Temp - Capital Improvement CIP	1,361,047.00	1,750,000.00	1,750,000.00

The following non-general fund budgets remain at the Budget Committee level:

Budget	FY21 Budget	Dept. Req.	CM Rec
31102 - Mooring Fees	46,359.00	57,360.00	57,360.00
31106 - Pool Beaches Ops/Improves	177,966.00	170,643.91	170,643.91
31117 - CDBG Grant Administration	472,537.00	433,347.31	433,347.31
31132 - Airport Operations	241,999.00	252,118.64	252,118.64
31179 - Rte. 111-Mill Redev TIF Projec	295,000.00	1,180,220.00	1,180,220.00
31180 - Rte. 111-Mill Redev MERC Purch	200,000.00	200,000.04	200,000.04
31201 - Recreation General Programs	58,500.00	34,500.00	34,500.00
31202 - Recreation Teen Center	1,200.00	1,200.00	1,200.00
31204 - Recreation Safari Camp	220,639.00	177,628.50	177,628.50
31206 - Rec Cub Care-Vacation Camps	411,672.00	430,697.36	430,697.36
31209 - Recreation Youth Enrichment	11,810.00	11,760.00	11,760.00
31211 - Rec Youth Sports Program	25,900.00	28,605.00	28,605.00
31214 - Rec Adult Sports Program	31,805.00	29,685.00	29,685.00
31220 - Recreation Ross Center	65,612.00	52,697.12	52,697.12
31225 - Rec Outdoor Adventure Program	7,905.00	9,020.00	9,020.00
31228 - Recreation Field Usage	12,836.00	14,436.00	14,436.00
31230 - Rec Community Center Rents	3,000.00	3,000.00	3,000.00
31240 - Airport Reimburseable Improve.	320,000.00	50,000.00	50,000.00
32491 - Ambulance	1,550,000.00	1,671,726.00	1,671,726.00
32551 - MDEA	266,431.00	270,767.04	270,767.04
35102 - Sewer Operations	3,025,926.00	3,145,330.40	2,972,581.87
35103 - Sewer Ind Pretreat Program	69,504.00	40,924.59	40,924.59
35104 - P.W. Wastewater Maintenance	1,002,682.00	1,017,072.92	1,017,072.92
35105 - New Sewer Operations Exp	1,506,082.00	1,531,623.55	1,531,623.55

Councilor Emhiser asked about the reduction of $200,000 in Computer Services, and noted that it is reflected in the General Fund Operational Surplus. Jim confirmed this to be the case.

Revenue Forecast:

The recommendation is to increase the non-property tax revenues by $600,000.

Motion by Councilor McCurry, seconded by Councilor Lessard to increase the projected revenue sharing by $350,000; and the increase the projected excise tax by $250,000, for a total increase in the non-property tax revenues by $600,000.
Vote: Unanimous.

Update of FY21 General Fund Operational Surplus:

The recommendation for use of General Fund Operational Surplus is broken down in three categories:

- **$922,500 for changes to specific reserve accounts**

	Original Submittal	Revised Recommendations
Replacement Wages	$15,000	$0
IT Equipment	$200,000	$200,000
Assessing	$50,000	$50,000
Biddeford Pool Study	$30,000	$30,000

Recreation Financial Aid	$35,000	$35,000
Engagement Position	$57,500	$57,500
Earned Pay @ Separation	$125,000	$75,000
Engineering Consulting	$55,000	$55,000
*Senior & Rec Program**	$30,000	$0
*Street Light Replacement**	$125,000	$125,000
SCBA Fire	$150,000	$150,000
*Grant Matches**	$85,000	$85,000
Reserve for Police grant positions	$0	$60,000
Total	**$957,500**	**$922,500**

- **$1,046,820 for one-time capital purchases**

Item	Cost	Impact on FY22 Budget
Purchase 2 cruisers	$56,820*	None
Purchase all FY21 CIP Vehicles (No lease/purchase)	$680,000	$0 (Not budgeted, otherwise need $103,751 in additional for next seven years)
Engineering (MERC Tower)	$30,000	None
Crosswalk Warning Lights	$100,000	None
Software for Mobile App (citizen focus)	$30,000	None
Additional Sidewalk Work	$150,000	None
Total	**$1,046,820**	

- **$530,680 to lapse to the City's Unassigned Fund Balance.**

Councilor St. Cyr noted that he'd like to use $500,000 of the $2,500,000 surplus funds to pay down the tax rate.

<u>General Fund Adjustments:</u>
The following are recommendations for General Fund adjustments:

Item	*Reason*	*Budget*	*Impact on Tax Commitment +/-*
Revenue Sharing	Increase forecast	$2,750,000	($350,000)
Excise Tax	Increase forecast	$3,750,000	($250,000)
Reserve for grant police positions	Available resources	$0	($60,000)

Reduce IPP impact in WWTP budget	Council concern	$63,101	$14,941
Cemetery Stipend	Market Adj	$4,000	$750
Non-union market adjustment	Market Adj	$100,000	$100,000
Climate Task Force	New request	$0	$3,000
CDBG Adjustment	Fed guidelines		$12,633
Verizon Rental	39 Alfred St	$15,870	($2,381)
Parking enforcement (on street)	Return from parking fund	$77,118	$49,118
Additional on street & beach (FT vs PT)	Meet needs	$48,383	$4,383
Parking Enforcement	Handheld SVC	$9,861	$9,861
Reduce PS Radio payment	Use ½ for decrease in tax commitment; ½ to capital	$0	($550,808)
	Increase capital (see above)	$1,975,000	$275,000
Increase contingency	Available funds	$800,000	$300,000
Total Impact on Tax			*($443,503)*

American Recovery Plan Funds:

Jim reviewed what is currently known at this point about how municipalities may use the ARP Funds. The hope is that by the time the City receives its first payment of approximately $5.8 million more detailed information will be available. Jim also talked about suggested uses of the ARP Funds. The following is an excerpt from Jim's Budget Memo:

The current suggested uses of some of the funds include the following:

a. Identify the current shortfall in WWTP user fees for the FY20 and FY21. Use those funds to make the WWTP fund whole for the current year and to continue operations at the plant for FY21 without increasing any rate, reducing service levels or capital investment. The combined total is still being calculated. The current estimate is $1.5 million. Depending on how quickly the WWTP flows return, some funds may be needed in FY23. On the other hand, if the flows return in FY22, the actual ARP funds used would be reduced because of the rules.
b. Identify all lost revenues and expenses (beyond WWTP) in order to allow this funds to become available without the otherwise ARP restrictions. Like the WWTP impacts, staff is still calculating those funds but believes that the total may approach $1,000,000 for the first allocation.
c. Use $1.5 million of the funds instead of borrowing the previously approved revenue bond. This will eliminate approximately $175,000 of debt payments annually in the WWTP fund for the

next 10 years that can be otherwise used. In the redrafted FY22 WWTP budget, those funds are being targeted for additional capital.

d. Use approximately $450,000 to replace the Vactor truck for sewer operations.
e. The balance of the year one funds ($2.3 million) remain available for further deliberation by the Council after the rules are issued. Further, the expectation is those funds will not have a direct impact on either the general fund or the WWTP fund.
f. Strongly consider using up to $5 million of the year 2 ARP funds for CSO work in order to reduce the approved borrowing of $10 million. If supported, it would reduce the FY22 new debt payment (interest only) by $138,333 or another $0.05. In FY23, the new projected increase in debt payments of $1,355,000 would be reduced by $387,143 or $0.16 on the tax rate. The City should then issue the additional $5 million in authorized debt in 3 to 4 years. This recommendation also includes factoring in the IRS regulations limiting how long tax exempt funds can remain unspent from the time of borrowing.
g. Combined, there would be a balance of $3.1 million of ARP funds (over the two years) for further Council deliberations.

Wastewater Treatment Plant Fund:

The following is taken from Jim's Budget Memo:

The specific details of the WWTP budget is still in process for the reasons outlined on page 2 of this memo. All of the specific capital items included in the proposed ARP funding (and the additional $175,000 operational capital) requires a depreciation schedule to be created. Further, any current capital assets being taking out of service needs to be reviewed to determine the impact on depreciation as well.

In addition, staff is still in the process of determining exactly how much of the lost revenues should be attributed to COVID impacts.

The overall plan is to submit a total WWTP budget with expenses that are equal to the pre-covid flows at the current fee structure. Any reduction in revenues based on this budget would be covered by the ARP funds as noted above. No operational growth will be included within the expense budget.

Finally, as noted earlier, staff has reviewed the IPP program and is recommending a reduction in the charges to the IPP users to reflect actual hours of staff based on the 2020 study. It does increase the property tax burden by $14,941.

Staff hopes to have the details out to you be the end of next week.

Motion by Councilor McCurry, seconded by Councilor Lessard to move $14,941 back into the City side of the budget.

Vote: Unanimous.

Briefing on Expected Impacts on Revaluation:

City Assessor Nicholas Desjardins will make a presentation at the April 29th Budget Committee meeting. The following is taken from Jim's Budget Memo:

The Assessor has provided an initial estimate of the impacts of the adjustments that should be made in the community. Like the previous adjustments, each segment of properties that are out of balance with the rest of the community would be adjusted. It has been implied that the previous adjustments over the last five years have been targeted to a single class of properties without any consideration of the balance of properties. That simply is untrue.

To achieve the goal of reaching a declared ratio of 100% for FY22 nearly every property class would be adjusted. As a reminder, being able to reach that goal allows the City to receive 100% of all funds from the state for all property tax reimbursements (which are used to reduce the total taxes raised). It allows the City to charge the full value to all utilities within the community (currently valued at $45.7 million). Finally, also allows each individual taxpayer to receive the full benefit of state exemptions (veterans, homestead, etc.).

With nearly all classes of property seeing adjustments to achieve equity, there is very limited shifting of tax burden from one class of properties to other property classes. For illustration purposes only, the current run shows a 0.11% change (33.4% of total tax burden to 33.51%) in total tax burden on single-family homes (in the aggregate) for non-water influenced properties. It is important to restate, this the sum of all of the changes. Within the categories, individual properties (and sub categories) will be adjusted at different rates.

The strong sales data for the mixed use in the downtown area and multi-family units within the community is a key reason that the City will not see the dramatic shifts in tax burden that other communities are reporting/predicting. These classes of property will see the greatest increase in tax burden.

The Budget Committee came to the general consensus that they would like to digest all the information that was discussed and provided at this meeting and in Jim's budget memo. They would also like to hear the Superintendent of Schools, Jeremy Ray's presentation at the April 26th Budget Committee meeting before moving forward on any further decisions.

Motion by Councilor Clearwater, seconded by Councilor McCurry to adjourn.

Vote: Unanimous.

Time: 7:38 p.m.