BUDGET COMMITTEE MEETING
MARCH 29, 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 5:35 p.m.

Roll Call: William Emhiser, Stephen St. Cyr (arrived at 5:54 p.m.), Robert Quattrone, Jr., Amy Clearwater, Norman Belanger, Michael Ready, Doris Ortiz, Marc Lessard

John McCurry, Jr. was excused.

***Budget Deliberations**:*
City Manager, Jim Bennett suggested to the Committee put off meeting for a couple of weeks until we have clarification on how the ARP (American Rescue Plan) Funds can be spent; and we have a better idea of how we will end FY21 in Revenue Sharing and excise tax revenues. More work also still needs to be done on the Wastewater Budget, as well as determine what to do with additional FY21 funds.

The proposed budget, as it is currently submitted, includes a $0.42 increase in the tax rate on the City side, which equates to a 2.1% increase. This increase is in large part due to new debt payments.

Jim spoke specifically about the two largest non-property tax revenues – State Revenue Sharing and excise tax. Jim asked to be able to make final recommended projections for these revenues in late April, once the revenue sharing payment is made and we have a better idea of what the March and April excise tax revenues are.

He hopes to have the details of the revenue and related issues regarding the Wastewater budget worked out over the next few weeks. He anticipates being able to use some of the ARP funds to make this budget whole.

He has come up with some suggested uses for the additional FY21 funds, namely for capital expenditures. One of those expenditures is the purchase of two police cruisers, which is an agenda item for the April 6th council meeting.

He talked about some policy issues that are a part of this budget:

1) A new position in the Planning & Development Office, which would end up eliminating the contractual work that is being done by SMRPC (Southern Maine Regional Planning Commission) and increase fees for related activity. This would basically be a wash in that budget.
2) The Fire Chief requested six new positions in his proposed budget; while Jim is recommending 2 new positions.
3) The recommendation to use $957,500 of the FY21 budget to establish/replenish various reserves, which would reduce the FY22 operating budget. A specific list was provided.

4) The budget, as proposed, does not fund a rate increase for the hydrant rental fees due to the new water rates. This is a shortfall of $25,000.
5) The proposed budget currently includes funding for two positions at the Police Department – the People's Recover position and the Community Engagement position, both of which are shared with the City of Saco. It is the City's understanding that Saco has not budgeted for the People's Recover position.

The School Budget, as presented, reflects a $0.24 on the tax rate. Jim feels that this may end up changing due to the ARP Funds that the School Department will be receiving.

Jim has asked the bank to postpone the closing of the $1.5 million WWTP revenue bond until the City has a better understanding of how the ARP funds can be used.

Councilor Ready asked about the review of the market wages that was mentioned in Jim's budget memo. Jim explained that the City's current wage compensations are based on 2015/2016 market rates. Staff has compiled compensation data from their counterparts in other communities and the preliminary numbers surprisingly show significant adjustments in our peer communities. Currently, there are no funds in the proposed budget to address possible market adjustments.

Moving forward, the Budget Committee will hold the first Budget Public Hearing on Thursday, April 1st. If there are some definitive actions that the Committee would like to take that evening, then they can certainly do that. Then, Jim suggests waiting until April 22nd before meeting again. This will allow us to receive the next revenue sharing payment (expected on April 20th), and have a better handle on excise tax amounts for March and into April. The hope is that we will also have clear guidelines on how the ARP Funds can be spent.

Keeping with the schedule as was originally planned, the Budget Committee would still have three meetings to work through any policy decisions and budget changes that are deemed necessary before the May 1st deadline to get the budget officially turned over to the City Council. The Budget Committee was in agreement with this plan.

Jim let the Committee know that in the meantime, if there is additional information and/or clarification that can provided leading up to budget discussions, that the members let him know so he can gather the requested information.

Councilor Belanger asked that since additional positions are being requested in the Fire Department budget, it would be helpful to know how much each position costs; especially if the Committee will be discussing two positions versus six positions. Jim noted that a good rule of thumb is $110,000 per position, which includes all employee costs.

Motion by Councilor Ready, seconded by Councilor Clearwater to adjourn.
Vote: Unanimous.
Time: 6:33 p.m.