

# The City Of *Sanford, Maine* Village of Springvale

**Budget Committee  
Meeting Minutes  
March 17, 2016, 6:00 PM  
City Hall Annex, 3<sup>rd</sup> Floor Council Chambers**

1. Call to Order at 6:04 pm by Chairman Hoenig
2. Pledge of Allegiance
3. Roll Call, Chairman Lance Hoenig, Vice-Chairman Wes Davies, James Drummey, Bruce Knight, Mayor Tom Cote, Councilor Maura Herlihy, Councilor Fred Smith (arrived 6:07 pm)

City Councilors: Lucas Lanigan, Victor Digregorio

School Committee Members: Scott Sheppard, Kendra Williams

Staff Present: City Manager Steve Buck, Finance Director Ronni Champlin

Superintendent David Theoharides, School Business Administrator Gwen Bedell

Assistant Super Matt Nelson, Stacey Bissell, Special Education Director

4. Adjustments to the Agenda - None
5. Minutes of March 10, 2016 Meeting: Tabled
6. Public Participation: None, moved to Public Hearing
7. Old Business: To take action if appropriate on the following:  
None
8. New Business: To take action, if appropriate on the following:  
Presentation:  
Brief overview of the 2016/2017 Consolidated Budget

## NET APPROPRIATION FOR FISCAL YEAR 2016 VS. 2017

FY 16 vs. FY 17		Net Change LY
Combined Expense	\$ 60,110,337	\$ 2,577,868
Combined CIP	\$ 2,434,053	\$ 418,674
County Tax	\$ 818,859	\$ -
<b>Total Appropriation</b>	<b>\$ 63,363,249</b>	<b>\$ 2,996,542</b>
Combined Revenue	\$ (32,334,098)	\$ (1,901,497)
Combined Use of Fund Balance	\$ (850,000)	\$ -
<b>Net Appropriation</b>	<b>\$ 30,179,151</b>	<b>\$ 1,095,045</b>
Mill Rate for Municipal & School	\$ 22.86	\$ 0.82
FY 16	\$ 22.04	
<b>Total Net Change/\$1,000</b>	<b>\$ 0.82</b>	<b>3.72%</b>
<b>Net Appropriation due to Operations</b>	<b>\$ 676,371</b>	<b>2.33%</b>
<b>Net Appropriation due to CIP*</b>	<b>\$ 418,674</b>	<b>1.44%</b>

\*Mandate 4% or \$318,674

## MUNICIPAL SUMMARY

Source or Use of Funds	15/16 Budgeted Amount	16/17 Budgeted Amount	Variance (16/17 vs. 15/16)
Operational Expenses	\$21,435,815	\$22,292,703	+\$856,888 +3.9%
-Revenues + Use of Fund Bal.	<u>\$9,064,862</u>	<u>\$9,638,849</u>	<u>+\$573,987</u> +6.3%
=Net Tax from Operations	\$12,370,953	\$12,653,854	+282,901 +2.3%
+ CIP	<u>\$1,774,083</u>	<u>\$2,092,757</u>	<u>+\$318,674</u> +17.9%
=Total Net Taxation Excl. County Tax	\$14,145,036	\$14,746,611	+\$601,575 +4.3%

City of Sanford

FY 16/17

Budget Review

As of  
3/10/16

## SCHOOL SUMMARY

Source or Use of Funds	15/16 Budgeted Amount	16/17 Budgeted Amount	Variance (16/17 vs. 15/16)
Operations: General Ed + Adult Ed	\$35,308,668 + \$787,986 \$36,096,654	\$36,948,025 + \$869,609 \$37,817,634	+ \$1,639,357 + \$81,623 + \$1,720,980
Revenues: Gen. Ed. Adult Ed. - Total Revenue	\$21,821,539 + \$396,200 <u>\$22,217,739</u>	\$23,169,299 + \$375,950 <u>\$23,545,249</u>	+ \$1,347,760 - \$20,250 + \$1,327,510
= Net Tax from Operations	\$13,878,915	\$14,272,385	+ \$393,470 + 2.84%
+ CIP	<u>\$241,296</u>	<u>\$341,296</u>	+ \$100,000
= Total Net Taxation	\$14,120,211	\$14,613,681	+ 493,470 + 3.49%

City of Sanford

FY 16/17

Budget Review

As of  
3/10/16

## CONSOLIDATED EXPENSES

Use of Funds	15/16 Budgeted Expense	16/17 Budgeted Expense	Variance (16/17 vs. 15/16)
Municipal: Operations CIP Total	\$21,435,815 <u>\$1,774,083</u> \$23,209,898	\$22,292,703 <u>\$2,092,757</u> \$24,385,460	+ \$856,888 + \$318,674 +\$1,175,562
School: Operations CIP Total	\$36,096,654 <u>\$241,296</u> \$36,337,950	\$37,817,634 <u>\$341,296</u> \$38,158,930	+ \$1,720,980 + \$100,000 + \$1,820,980
Consolidated: Operations CIP Total Excl. County Tax	\$57,532,469 <u>\$2,015,379</u> \$59,547,848	\$60,110,337 <u>\$2,434,053</u> \$62,544,390	+ \$2,577,868 + 418,674 + \$2,996,542 + 5%

City of Sanford

FY 16/17

Budget Review

As of  
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## CONSOLIDATED REVENUES

Source Of Funds	15/16 Budgeted Revenue	16/17 Budgeted Revenue	Variance (16/17 vs. 15/16)
Municipal w/ use of Fund Balance	\$9,064,862	\$9,638,849	+ \$573,987 +6.3%
School w/use of Fund Balance	<u>\$22,217,739</u>	<u>\$23,545,249</u>	<u>+ \$1,327,510</u> +5.98%
Total	\$31,282,601	\$33,184,098	+ \$1,901,497 +6.0%

City of Sanford

FY 16/17

Budget Review

As of 3/10/16

## CONSOLIDATED SUMMARY

Source or Use of Funds	15/16 Budgeted Amount	16/17 Budgeted Amount	Variance (16/17 vs. 15/16)
Operational & County Exp	\$57,532,469 \$818,859	\$60,110,337 \$818,859	+ \$2,577,868 + \$0
- Revenues & Fund Bal.	\$30,432,601 <u>\$850,000</u>	\$32,334,098 <u>\$850,000</u>	+ \$1,901,497 <u>\$0</u>
= Net Tax from Operations	\$27,068,727	\$27,745,098	+ \$676,371 + 2.5%
+ CIP	<u>\$2,015,379</u>	<u>\$2,434,053</u>	<u>+ \$418,674</u> + 20.8%
= Total Net Taxation	\$29,084,106	\$30,179,151	+ \$1,095,045 + 3.8%

City of Sanford

FY 16/17

Budget Review

As of 3/10/16

### 9. Joint Public Hearing – City Council, School Committee, Budget Committee

1. Al Brackett - Is the surplus from this year's mild winter in the budget or do you have to wait until the end of the year? **Manager Buck: Have to wait until the end of the year and look at unexpended funds, look at revenues to see if they have come in as expected. Balancing of the entire budget for the year must be made to determine whether there is a surplus. Unexpended surplus (savings) lapses to fund balance. City budgets \$ 850,000 from Fund Balance to use to lower the tax rate but our Fund Balance is low compared to other communities. Gwen Bedell: Explains the required Fund Balance using General Accounting Practice. City is carrying 32 days when 30 days is the bare minimum and 45 days would be a better buffer.** Mr. Brackett: Feels we should cut at the administration level. Feels St. Thomas should not receive a local contribution. Does not feel the younger students should be with 7<sup>th</sup> & 8<sup>th</sup> grades.
2. Dianne Connolley – Was ready to come tonight and get really angry. Describes how her partner has to give up 1.5 monthly checks to pay the taxes. Mr. Theoharides, it is time to start cutting. Mr. Buck does his job but believes further cuts need to be made. **Lance Hoenig: Feels that the City and School have done the best they can within the budget constraints and limitations.**
3. Lee Burnett – Chairman of the Trails Committee with Hazen Carpenter. Hopes we will consider 3 projects that have received \$ 0 in funding. \$ 25,000 for engineering for the bike trail along the

Mousam River to the new High School. \$ 20,000 for general trail maintenance. \$ 10,000 for a trails master plan. Believes the Trails Committee is very efficient with their money and uses it to leverage further funds.

4. Donna Jacques, Principal of St. Thomas School with Gerald Coutu. Money has gone to books, testing, supplies. All to allow students to transfer into the Public School system with as much ease as possible. Asking the Budget Committee to reconsider the St. Thomas funding at possibly ½ the funding that has been requested.

10. Homestead Exemption Presentation – Steve Buck, City Manager

## Homestead Exemption

### The What

### The Benefit

### The Shift

### The What

#### State law Title 36 Chapter 105 §683

1. Exemption amount. Except for assessments for special benefits, the just value of \$10,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation.

1-B. Additional exemption. A homestead eligible for an exemption under subsection 1 is eligible for an additional exemption of \$5,000 of the just value of the homestead for property tax years beginning on April 1, 2016 and of \$10,000 of the just value of the homestead for property tax years beginning on or after April 1, 2017.

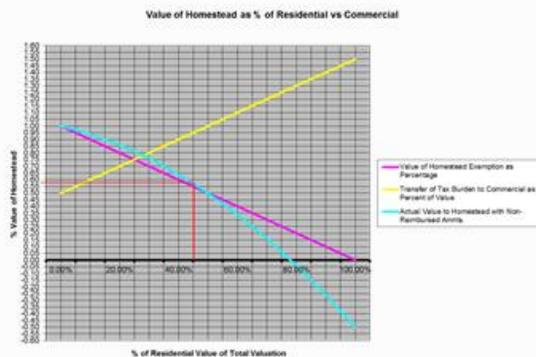
## The What

### State law Title 36 Chapter 105 §683

3. Effect on state valuation. Fifty percent of the just value of homestead exemptions under subsection 1 and, for additional exemptions under subsection 1-B, 50% of the just value of the exemptions for property tax years beginning April 1, 2016 and 75% of the just value of the exemptions for subsequent property tax years must be included in the annual determination of state valuation under sections 208 and 305.

## The Benefit

### How Does it Apply?



## The Benefit

### How Does it Apply?

- The Homestead Exempts the first \$10,000 or now \$15,000 of Valuation for a Homestead Qualified Property
- It's Value to the Homestead Owner is;
  - $[\$10,000] \times \text{Mil Rate}$
  - $[\$10,000] \times \$22.04 / \$1,000 = \$220.40$

## The Benefit

### How Does it Apply?

Example: For a **Homestead Qualified** Property -  
(\$160,000 Home Valuation) - (\$10,000 Homestead) =  
\$150,000 of Taxable Value

X Mil Rate \$22.04

\$3,306.00 A Savings of \$220.40

A **Non-Homestead Property** of \$160,000 will pay  
\$160,000 of Taxable Value

X Mil Rate \$22.04

\$3,526.40 A Net Difference of \$220.40 or **6.45% more**  
**? The Shift ?**

## The Shift

### How Does it Apply?

The Homestead provides Property Tax Relief

It is TARGETED ONLY to Homestead Props.

It **Shifts** Tax Burden to ALL Other Properties

It is Paid for 50% from State Taxes

The Other 50% is paid from Local Property Taxes

Local Property Taxes are raised to provide Property Tax  
Relief - ONLY to certain Properties

## The Shift

### How Does it Apply?

FY 2015-2016

Assessed Valuation \$1,362,717,690

Hmstd Exempt \$38,518,400

Net Valuation for Mil \$1,324,199,290

State Pays \$22.04 x \$19,259,200 = \$424,472.77

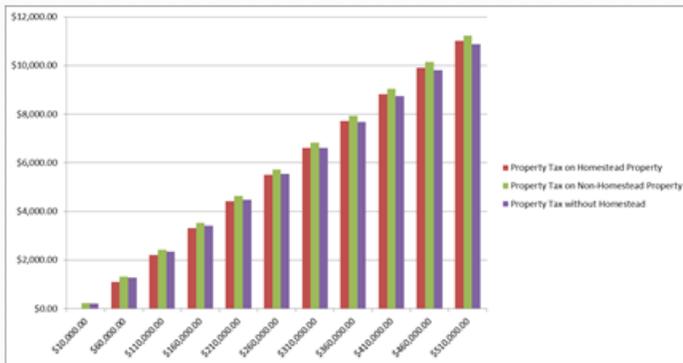
Local Taxes \$22.04 x \$19,259,200 = \$424,472.77\*

\*This is taxed to ALL Other Properties

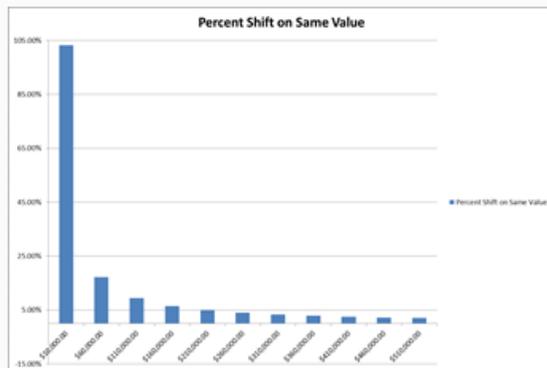
Shift = \$38,518,400 x \$22.04 Mils = \$848,945.53

Shift of 2.83% of the Taxable Base goes to Homestead

## The Shift What does it Look Like?



## The Shift What does it Look Like?



## The Benefit It will Change for FY 2016-2017!

- The Exemption will change from \$10,000 to \$15,000
- State still only pays 50%
- Local Taxes pay the other 50%
- Benefit Changes for a Mil Rate of \$22.04/\$1,000
  - \$10,000 was \$220.40
  - \$15,000 becomes \$330.60



## Summary

- Homestead Exemption is Targeted
- Only Homestead Properties see a Reduction in Taxes
- Half of the Property Tax Relief comes from State Taxes
- Half of the Property Tax Relief comes from Local Taxes
  - The Relief is Targeted ONLY to Homestead Properties

### 11. Capital Improvement Program – City & School

#### CAPITAL IMPROVEMENT PLAN SUMMARY FOR 2016/2017

• Roof Systems	\$100,324
• Exterior Wall Systems	\$ 40,000
• HVAC	\$ 20,000
• Electrical	\$ 15,300
• Plumbing	\$ 15,309
• Interior Trim	\$ 48,173
• Fire & Safety	\$ 34,000
• ADA Compliance	\$ 18,940
• Site Improv./Landscaping	\$ 49,250
• Maintenance Vehicles	\$ 0
Total CIP	<u>\$341,296</u>

#### CAPITAL IMPROVEMENT PLAN SUMMARY FOR 2016/2017

• Assessing	\$ 65,000
• Planning	\$ 13,650
• Police Department	\$ 113,359
• Fire Department	\$ 204,023
• Airport	\$ 11,000
• Parks, Recreation & Facilities	\$ 126,100
• Public Works Department	\$1,467,027
• Information Systems	\$ 92,598
Total CIP	<u>\$2,092,757</u>

City CIP (Some changes from slide)

Assessing: Commercial Revaluation  
 Planning: Website redesign. Planning & Economic Initiatives  
 Police: \$ 127,581.(↑) (3) Cruisers, body armor replacement.  
 Fire Department: **Lease payment for breathing apparatus**, Lease payment on Ambulance. **Engine Replacement lease payment**. Diesel Exhaust system for all 3 stations, 4 year lease purchase. **Command vehicle lease payment**.  
 Airport: \$ 6k for parking lot street light issues.  
 Parks & Recreation: \$ 32,400 for Emery Mills Dam. \$ 8,000 for Street signs. City Hall Annex Improvements. \$ 10,000 for grant match for YMCA rec upgrades. \$ 25,000 for fully engineered program of outside facilities of City & School.

Public Works. 50% of the Entire CIP for the Roads plus equipment upgrades.

Information Systems \$ 78,376 (↓) : Aerial Upgrade. Exchange Server Upgrade. Fire Wall Upgrade went to Body Armor.

CIP Discussion:

A rough estimate of CIP annual needs, not including recapitalization of the equipment and buildings in order to “get ahead” would require a 7.5% CIP on the Annual Budget.

What are the likely outcomes of a Commercial Revaluation. Would like to have the City Assessor come in and discuss.

Data thrown out by Mayor Cote and Manager Buck: 36% of Rental Units (1/3 of Rental Units) is 3.24% of our valuation. 33% of the population lives in Rental Housing. 7,000 Residents pay 9% of the taxes.

12. Outside Agencies.

1. Motion by Mayor Cote, seconded by Councilor Smith to restore funding to St. Thomas in the amount of \$ 21,796.00. 7-0 in favor.
2. Request from Committee to Connie Garber for a 3-5 year trend in the number being served by the various programs.

13. Arrive at the final number/tax increase

1. Trails: Motion to restore \$ 10,000 to the trails made by Councilor Smith, seconded by James Drummey for general maintenance on the trails. 7-0 in favor.
2. Discussed Potential for CIP Reduction by \$ 100,000; increase of School Funding by \$ 205,000. Further discussion of current positions throughout City and School.
3. Discussion of \$ 100,000 CIP cut which would be primarily targeting School Roof Repairs. 2.96% with CIP remaining @ higher budgeted amount \$ 0.82/thousand increase. Without \$ 100k CIP 2.6% or \$ 0.75/thousand increase.

14. Future agenda items – Confirm date, time and agenda for next meeting

1. Thursday, March 24, 2016
  - a. George Greene, City Assessor.
  - b. Figures with new Revenues {\$ 34,000 (Revenue Sharing), \$ 206,000(School Funding)}, CIP changes, trails and St. Thomas.
2. Thursday, March 31, 2016
3. Tuesday, April 5, 2016 Budget Committee presentation to the City Council.

15. Budget Committee Member Comments

Mayor Cote: History of his involvement with the Budget and his feeling the Budget is not out of control. Both City and School have firmer grasp of the Budget as a whole. School is managing the changes as best as possible given the funding scenario and the constantly changing mix of students. City money that is being expended this year is intended for work toward positive growth.

16. Adjourn 8:30 pm by Chairman Lance Hoenig.