

# The City Of Sanford, Maine Village of Springvale

## Budget Committee Meeting Minutes March 30, 2017, 6:00 PM City Hall Annex, 3<sup>rd</sup> Floor Council Chambers

1. **Call to Order:** Meeting Called to order by Chairmain Lance Hoenig @ 6:02 pm.
2. **Pledge of Allegiance**
3. **Roll-Call:** Bruce Knight, Wes Davie, Deputy Mayor Maura Herlihy (arrived at 6:06 pm), Chairman Lance Hoenig, James Drummey. Mayor Tom Cote and City Councilor Luke Lanigan are absent with Notice.
  - a. **Staff:** City Manager Steve Buck, Superintendent David Theoharides , City Finance Director Ronni Champlin, City Treasurer Paul Simpson, School Business Manager Gwen Bedell.
  - b. **Audience Participants:**
    - i. School Committee:
    - ii. City Council:
    - iii. Staff: Assistant Superintendent Matt Nelson
4. **Adjustments to the Agenda: None**
5. **Approval of the March 23<sup>rd</sup> Meeting Minutes:** Motion made by James Drummey, seconded by Bruce Knight 4-0 to approve
6. **Public Participation: None**
7. **OLD BUSINESS:**
  - a. **School Department Budget Adustments**

### FY 17/18 BUDGET CITY OF SANFORD

### MUNICIPAL & SCHOOL OPERATIONS

By: Steven R. Buck, City Manager  
& Gwen R. Bedell Gadbois, School Business Admin.

Budget Committee Presentation  
March 30, 2017

### MUNICIPAL SUMMARY

Source or Use of Funds	16/17 Budgeted Amount	17/18 Budgeted Amount	Variance (17/18 vs. 16/17)
Operational Expenses	\$22,222,499	\$22,968,611	+\$746,112 +3.4%
-Revenues + Use of Fund Bal.	\$9,673,284	\$10,502,486	+\$829,202 +8.6%
=Net Tax from Operations	\$12,549,215	\$12,466,125	-\$83,090 -.66%
+ CIP	\$2,042,757	\$2,125,847	+\$83,090 +4.1%
=Total Net Taxation Excl. County Tax	\$14,591,972	\$14,591,972	+\$0 +0%

City of  
Sanford

FY 17/18

Budget  
Review

As of  
3/30/17

## SCHOOL SUMMARY

Source or Use of Funds	16/17 Budgeted Amount	17/18 Budgeted Amount	Variance (17/18 vs. 16/17)
<b>Operations:</b>			
Gen. Ed. + Adult Ed	\$37,833,634	\$43,017,666	+ \$5,184,032 + 13.7%
<b>Revenues:</b>			
Gen. Ed. + FB Adult Ed.	\$23,722,264	\$28,923,900	+ \$5,201,636 + 21.9%
Total Revenue			
= Net Tax from Operations	\$14,111,370	\$14,093,766	-\$17,604 - 0.1%
+ CIP	\$291,296	\$308,900	+ \$17,604 +6%
= Total Net Taxation	\$14,402,666	\$14,402,666	+ \$0 + 0%

Sanford School Department

FY 17/18

Budget Review

As of 3/30/17

## CONSOLIDATED SUMMARY

Source or Use of Funds	16/17 Budgeted Amount	17/18 Budgeted Amount	Variance (17/18 vs. 16/17)
Operational & County Exp	\$60,056,133 \$812,539	\$65,986,277 \$812,539	+ \$5,930,144 + \$0
- Revenues & Fund Bal.	\$32,545,548 \$850,000	\$38,318,075 \$1,108,311	+ \$5,772,527 +\$258,311
= Net Tax from Operations	\$27,473,124	\$27,372,430	-\$100,694 - .37%
+ CIP	\$2,334,053	\$2,434,747	+ \$100,694 + 4.3%
= Total Net Taxation	\$29,807,177	\$29,807,177	+ \$0 + 0%

City of Sanford

FY 17/18

Budget Review

As of 3/30/17

## SCHOOL REVOLVING RENOVATION FUND PROJECTS ON THE BALLOT

Project	Total Cost	State Share (66%)	Local Share (34%)	Annual Loan Repayment
SJHS Asbestos Abatement	\$117,257	\$77,085	\$40,172	\$4,017
SHS Asbestos Abatement	\$488,456	\$321,111	\$167,345	\$16,735
Total	\$605,713	\$398,196	\$207,517	\$20,752

- School Revolving Renovation Fund loans are awarded by Maine DOE based upon need.
- Priority One projects include asbestos abatement, which are the projects to be completed at the Junior High (hallways) and High School (classrooms).
- The existing asbestos will NOT be removed or covered as part of the school construction project.
- The schools will need to have asbestos abatement completed before students can reoccupy the premises once converted to the Elementary and Middle School respectively.
- The state will contribute to the project cost at the percentage rate specified in the current year's EPS - this is 66% in FY16/17.
- The loan is paid back over 10 years without any interest.

## SCHOOL FUND BALANCE - OPTIONS

### ■ CARRY FORWARD PROVISIONS IN STATE LAW

"If the School Unit has unexpended general operating fund balances at the end of the year, those funds are required to be carried forward to meet the school unit's needs in the next year or over a period not to exceed three years." - DRUMMOND & WOODSUM

### ■ ESTABLISHMENT OF RESERVE FUNDS

- SPECIAL EDUCATION
- HEALTH INSURANCE
- FUEL/ENERGY COST STABILIZATION
- CAPITAL

"A municipality may establish a reserve fund for school purposes either by direct appropriation or by authorizing the transfer of surplus funds to the reserve account at the end of any fiscal year."

DRUMMOND & WOODSUM. 2014. "MAINE SCHOOL LAW" P.310-311

**8. NEW BUSINESS: To take action, if appropriate, on the following:**

**a. Vote on the 2017/2018 City Budget**

County Tax	\$ 834,454 (Just received the proposed County tax assessment)
Municipal Services	\$21,672,182
Libraries	\$ 561,975
Outside Agencies	\$ 92,737
St. Thomas School	\$ 0
Debt Services	<u>\$ 641,717</u>
Total Municipal Appropriation	\$22,968,611

**a. Motion made by James Drummey, seconded by Maura Herlihy to approve a Municipal Appropriation in the amount of \$ 22,968,611 5-0 to approve.**

Education	\$38,176,309
Debt Service	\$ 3,994,813
Adult Education	<u>\$ 846,544</u>
Total School Appropriation	\$43,017,666 Jim/Bruce 5-0

**a. Motion made by James Drummey, seconded by Bruce Knight to approve a School Appropriation in the amount of \$ 43,017,666 5-0 to approve.**

Capital Reserve	
Municipal	\$2,125,847
School	<u>\$ 308,900</u>
Total Capital Reserve	\$2,434,747

**a. Motion made by James Drummey, seconded by Bruce Knight to approve a total Capital Reserve in the amount of \$ 2,434,747. 5-0 to approve.**

**TOTAL APPROPRIATIONS \$69,255,478**

Total Municipal Revenue \$ 9,394,175

**a. Motion made by James Drummey, seconded by Bruce Knight to approve Municipal Revenue in the amount of \$ 9,394,175. 5-0 to approve.**

**b.**

Total School Revenue \$28,923,900

**a. Motion made by James Drummey, seconded by Bruce Knight to approve School Revenue in the amount of \$ 28,923,900. 5-0 to approve.**

**TOTAL REVENUE \$38,318,075**

USE OF UNDESIGNATED FUNDS \$ 1,108,311

- a. **Motion made by James Drummey, seconded by Bruce Knight to approve the use of Undesignated funds in the amount of \$1,108,311. 5-0 to approve.**

**SELECTED TAX RATE                      \$22.74 (Same Tax Rate as last year)**

**Junior High School Revolving Renovation Bond.**

Shall the City (1) Approve asbestos abatement for sections of Sanford Junior High School, including all design construction and equipment relating to such capital improvement work (the "Project"); (2) Appropriate a sum not to exceed \$117,257 to fund the costs of the Project; and (3) To fund the appropriation in (2) above, authorize the Mayor and Treasurer to issue, at one time or another, general obligation securities of the City of Sanford, Maine, including temporary notes in anticipation of the sale thereof and future refunding obligations, in an aggregate principal amount not to exceed \$117,257, and to delegate to the Mayor and Treasurer the discretion to fix the date(s), maturity(ies), interest rate(s), denomination(s), call(s) for redemption, form(s) and other details of said securities, including execution and delivery of any related documents, related agreements and said securities on behalf of the City of Sanford and to provide for the sale thereof? Based on a Maine Department of Education (the "Department") eligibility certificate, it is anticipated that the Department will forgive 65.74% (up to \$77,085) of the total \$117,257 loan amount, which would mean that the City of Sanford would be responsible to repay 34.26% (up to \$40,172) of the total loan amount at zero interest.

**Motion by James Drummey, seconded by Bruce Knight to recommend approval of the Junior High School Revolving Renovation bond. 5-0 to approve.**

CITY OF SANFORD FINANCIAL STATEMENT

For Junior High School Revolving Renovation Bond.

The issuance of bonds by the City of Sanford (the "City") is one of the ways in which the City borrows money for certain purposes. The following is a summary of the bonded indebtedness of the City as of this Referendum:

Bonds Now Outstanding and Unpaid	\$107,724,022	Interest to be
Repaid on Outstanding Bonds	<u>\$ 41,094,982</u>	
Total to be Repaid on Bonds Issued	\$148,819,004	
Additional Bonds Authorized But Not Yet Issued	\$ 0	
Additional Bond (now proposed) to be Issued if Approved by Voters	\$ 117,257	
Estimate of Potential New Interest	<u>\$ 0</u>	
Total Additional Bonds to be Issued and Estimated Interest if Approved By Voters	\$ 117,257	

When money is borrowed by issuing bonds, the City must repay not only the principal amount of the bonds but also any interest on the bonds. The amount of interest to be paid will vary depending upon the rate of interest and the years to maturity at the time of issue. In this case, the State of Maine intends to forgive \$77,085 of the \$117,257 borrowed and the balance of \$40,172 will be repaid over a term of ten (10) years at zero interest. The validity of the bonds and the voter's ratification of the bonds may not be affected by any errors in the above estimates. If the actual amount of the total debt service for the bond issue varies from the estimate, the ratification by the voters is nonetheless conclusive and the validity of the bonds is not affected by reason of the variance.

**High School Revolving Renovation Bond**

Shall the City (1) Approve asbestos abatement for sections of Sanford High School, including all design construction and equipment relating to such capital improvement work (the "Project"); (2) Appropriate a sum not to exceed \$488,456 to

fund the costs of the Project; and (3) To fund the appropriation in (2) above, authorize the Mayor and Treasurer to issue, at one time or another, general obligation securities of the City of Sanford, Maine, including temporary notes in anticipation of the sale thereof and future refunding obligations, in an aggregate principal amount not to exceed \$488,456, and to delegate to the Mayor and Treasurer the discretion to fix the date(s), maturity(ies), interest rate(s), denomination(s), call(s) for redemption, form(s) and other details of said securities, including execution and delivery of any related documents, related agreements and said securities on behalf of the City of Sanford and to provide for the sale thereof? Based on a Maine Department of Education (the "Department") eligibility certificate, it is anticipated that the Department will forgive 65.74% (up to \$321,111) of the total \$488,456 loan amount, which would mean that the City of Sanford would be responsible to repay 34.26% (up to \$167,345) of the total loan amount at zero interest.

**Motion by James Drummey, seconded by Bruce Knight to recommend approval of the High School Revolving Renovation bond. 5-0 to approve.**

CITY OF SANFORD FINANCIAL STATEMENT

For High School Revolving Renovation Bond.

The issuance of bonds by the City of Sanford (the "City") is one of the ways in which the City borrows money for certain purposes. The following is a summary of the bonded indebtedness of the City as of this Referendum:

Bonds Now Outstanding and Unpaid		\$107,724,022	Interest to be
Repaid on Outstanding Bonds	<u>\$ 41,094,982</u>		
Total to be Repaid on Bonds Issued		\$148,819,004	
Additional Bonds Authorized But Not Yet Issued		\$ 0	
Additional Bond (now proposed) to be Issued if Approved by Voters		\$ 488,456	
Estimate of Potential New Interest		<u>\$ 0</u>	
Total Additional Bonds to be Issued and Estimated Interest if Approved By Voters		\$ 488,456	

When money is borrowed by issuing bonds, the City must repay not only the principal amount of the bonds but also any interest on the bonds. The amount of interest to be paid will vary depending upon the rate of interest and the years to maturity at the time of issue. In this case, the State of Maine intends to forgive \$321,111 of the \$488,456 borrowed and the balance of \$167,345 will be repaid over a term of ten (10) years at zero interest. The validity of the bonds and the voter's ratification of the bonds may not be affected by any errors in the above estimates. If the actual amount of the total debt service for the bond issue varies from the estimate, the ratification by the voters is nonetheless conclusive and the validity of the bonds is not affected by reason of the variance.

**9. Set Agenda for next Budget Committee meeting – March 9 2017**

- a. **Tuesday, April 4, 2017.** Budget Committee Presentation to the City Council.
- b. **Tuesday, April 25, 2017.**
  - i. Discussion and recommendation vote on K-8 School Construction Budget.
  - ii. Discussion and recommendation on establishing a Reserve Account for the School Department.

**10. Budget Committee Member Comments**

- a. **Bruce Knight:** Thanks to everyone.
- b. **James Drummey:** Thanks to Lance for all his hard work on the Budget. Could have spent a lot more as there are many needs but it is about sustainability.
- c. **Chairman Lance Hoenig:** Thanks to all the hard work by Staff.
- d. **Wes Davie:** Appreciate the work that has gone into the budget from Staff and Chairman Hoenig.
- e. **Councilor Maura Herlihy:** Nothing.

Thanks for all the hard work from Superintendent Theoharides. Appreciation for the hard work from the Budget Committee from City Manager Steve Buck.

11. **Adjourn:** Chairperson Lance Hoenig adjourns meeting at 6:43 pm.

**12. Future agenda items – Confirm date, time and agenda for next meeting:**

- f. Outside Agencies
- g. Capital Improvement
- h. Homestead Exemption Changes

- Thursday, March 17, 2016                      Joint Public Hearing
- Thursday, March 24, 2016
- Thursday, March 31, 2016
- Tuesday, April 5, 2016                      Budget Committee Presentation to the City Council

**13. Budget Committee Member Comments**

NONE

**14. Adjourn:** Declared adjourned by Chairperson Lance Hoenig at **8:50 pm**