

MINUTES

BUDGET COMMITTEE

3RD FLOOR COUNCIL CHAMBERS

CITY HALL ANNEX

THURSDAY, MARCH 8, 2018

6:00 PM

1. Call to Order by Lance Hoenig @ 6:06 pm
2. Pledge of Allegiance
3. Roll-Call: Lance Hoenig, James Drummey, Danielle Moody, Councilor Bob Stackpole, Councilor Maura Herlihy, Mayor Tom Cote. Absent with Notice: Bruce Knight
 - a. Present Staff: City Manager Steve Buck, Finance Director Ronni Champlin, Superintendent David Theoharides, School Business Manager Gwen Bedell, Assistant Superintendent Matt Nelson
 - b. School Committee Members: Jon Mapes & John Roux
4. Adjustments to the Agenda: NONE

Old Business:

5. None

New Business

6. Swearing in of New Budget Committee Members
7. Election of Chairperson for 2018/2019 Budget Committee: Motion by James Drummey for Mayor Cote, Seconded by Lance Hoenig, 6-0 in favor of Mayor Cote.
8. Election of Vice-Chairperson for 2018/2019 Budget Committee: Motion by James Drummey for Lance Hoenig, Seconded by Councilor Stackpole, 6-0 in favor of Lance Hoenig.
9. Election of Secretary for 2018/2019 Budget Committee: Motion by Lance Hoenig for Maura Herlihy, seconded by James Drummey, 6-0 in favor of Maura Herlihy.
10. Establish Rules of Procedure. Quick comment by Chairman Cote on generally following Roberts Rules of Order. No formal vote on Rules of Procedure.
11. Presentation- Overview of the 2018/2019 Municipal and School Budget
 - a. City Manager Steve Buck
 - b. School Business Manager Gwen Bedell

Discussion of new valuation potential that might further reduce the Mil Rate.

City of Sanford

Village of Springvale

2018/2019

Budget



Prior Fiscal Year 2017 vs. 2018

FY 17 vs. FY 18		
Combined Expense	\$ 66,476,825.00	
Combined CIP	\$ 2,434,747.00	
County Tax	\$ 831,519.00	
Total Appropriation	\$ 69,743,091.00	
Combined Revenue	\$ (38,174,171.00)	
Combined Use of Fund Balance	\$ (2,233,311.00)	
Net Appropriation	\$ 29,335,609.00	
Mil Rate for Municipal & School FY 18	\$ 20.74	
FY 17	\$ 22.74	
Total Net Change/\$1,000	\$ (2.0000)	-8.80%

The first slide is for Prior Year Review of the ending Municipal and School Budget as recommended by the Budget Committee, adopted by the City Council, and by Referendum vote

Combined Expenses at ----- were up by \$6,420,692

Combined CIP was up by \$100,694

County tax was flat but was the last year of the 1/5th payment for the change in fiscal year

Combined Revenues were up by \$5,628,623

Combined use of Fund Balance was increased by \$1,383,311

Net Appropriations Net Appropriations at \$29.3 M were down by \$591,242

Post Budget Closure there was additional EPS funding allocated to Sanford in the amount of \$981,047 ½ of which had to be sued to offset taxation or \$490,058

And the Municipal Valuation increased by a Net Positive \$120,366,710

Cumulative Impact was a reduction of \$2.00 per \$1,000 valuation or an 8.8% reduction

Prior Year Comparison of FY 16/17 to FY 17/18

Comparison of FY 16/17 to FY 17/18 - Last Year		
Municipal Impacts		FY 17 vs. FY 18
Expense	\$ 22,326,894.00	\$ 931,999.00
Debt Service	\$ 641,717.00	\$ (185,887.00)
Total Appropriation	\$ 22,968,611.00	\$ 746,112.00
Revenue	\$ (9,394,175.00)	\$ 570,891.00
Use of Fund Balance/Carry Forward	\$ (1,108,311.00)	\$ (258,311.00)
Net Appropriation Net Operations	\$ 12,466,125.00	\$ (83,090.00)
CIP	\$ 2,125,847.00	\$ 83,090.00
Total Appropriation with CIP	\$ 14,591,972.00	\$ -
School Impacts		FY 17 vs. FY 18
Expense	\$ 39,513,401.00	\$ 1,679,767.00
Debt Service	\$ 3,994,813.00	\$ 3,994,813.00
Total Appropriation	\$ 43,508,214.00	\$ 5,674,580.00
Revenue	\$ (28,779,996.00)	\$ 5,057,732.00
Use of Fund Balance/Carry Forward	\$ (1,125,000.00)	\$ (1,125,000.00)
Net Appropriation Net Operations	\$ 13,603,218.00	\$ (508,152.00)
CIP	\$ 308,900.00	\$ 17,604.00
Total Appropriation with CIP	\$ 13,912,118.00	\$ (490,548.00)

- This slide is last year's summary of the changes within the City and School Budgets
- City –
- Expenses were up \$931,999 or 4.17%
- Debt Services Decreased by \$185,887 or 28.97% primarily due to retirement of Public Works Facilities improvements and sprinkler system at Springvale Fire
- Net Appropriation was up by \$746,112 or 3.25%
- Revenue increased by \$570,891 or 6.08%
- Use of Fund Balance – Increased by \$258,311 as the net increase in City Undesignated for that year and there was booked after determining that the Balance was sufficient
- Resulting Net Appropriations were down by \$83,090
- City portion of CIP was then increase to account for the yet to be used \$83,090 of the mandated 4%
- Resulting city Appropriation from Taxation netted as ZERO !

Comparison of FY 17/18 to FY 18/19

Comparison of FY 17/18 to FY 18/19 - This Year		
Municipal Impacts		FY 18 vs. FY 19
Expense	\$ 23,758,872.00	\$ 1,431,978.00
Debt Service	\$ 682,119.00	\$ 40,402.00
Total Appropriation	\$ 24,440,991.00	\$ 1,472,380.00
Revenue	\$ (10,305,258.00)	\$ 911,083.00
Use of Fund Balance/Carry Forward	\$ (850,000.00)	\$ 258,311.00
Net Appropriation Net Operations	\$ 13,285,733.00	\$ 819,608.00
CIP	\$ 2,898,735.00	\$ 772,888.00
Total Appropriation with CIP	\$ 16,184,468.00	\$ 1,592,496.00
School Impacts		FY 18 vs. FY 19
Expense	\$ 42,031,319.00	\$ 2,517,918.00
Debt Service	\$ 8,095,134.00	\$ 4,100,321.00
Total Appropriation	\$ 50,126,453.00	\$ 6,618,239.00
Revenue	\$ (34,768,768.00)	\$ 5,588,772.00
Use of Fund Balance/Carry Forward	\$ (1,001,844.00)	\$ (276,844.00)
Net Appropriation Net Operations	\$ 14,355,841.00	\$ 752,623.00
CIP	\$ 384,825.00	\$ 75,925.00
Total Appropriation with CIP	\$ 14,740,666.00	\$ 828,548.00

This slide is the Start of the 2018/2019 FY Summary for City and School as follows;

City –

- Expenses increased by \$1.4 M or 6.64% - There are many additions and prior approved commitments within this Increase – all will be defined – no need to cross reference
- Debt Service is up by \$40,402 or 6.3% - Emery Mills Dam and SRE Building
- Total Appropriation increased by \$1,472 M or 6.41% including Libraries, Outside Agencies, and Debt Service
- Revenue are booked to increase by \$911,083 or 11.69% with changes to License Fees, Landbank, Excise Tax, Invst. Income, Solar Lease, electrical and Recreation, Others
- CIP for the City is requested at \$2.8 an increase of \$772,888 over last year or \$206,000 over the 4% per Charter
- Total Net Appropriations all Areas \$1,592,496 or 10.91%

Fiscal Year 2018 vs. 2019

FY 18 vs. FY 19		Net Change LY
Combined Expense	\$ 74,567,444.00	\$ 8,090,619.00
Combined CIP	\$ 3,283,560.00	\$ 848,813.00
County Tax	\$ 752,056.00	\$ (79,463.00)
Total Appropriation	\$ 78,603,060.00	\$ 8,859,969.00
Combined Revenue	\$ (45,074,026.00)	\$ (6,899,855.00)
Combined Use of Fund Balance	\$ (1,851,844.00)	\$ 381,467.00
Net Appropriation	\$ 31,677,190.00	\$ 2,341,581.00
Mil Rate for Municipal & School FY 19	\$ 22.26	\$ 1.5200
FY 18	\$ 20.74	
Total Net Change/\$1,000	\$ 1.5200	7.33%
Net Appropriation due to Operations	\$ 1,492,768.00	5.09%
Net Appropriation due to CIP Mandate	\$ 257,587.00	2.89%
4% Charter Mandate	\$2,692,334	

Combined Expense, Revenue, and Net Appropriations for City and School are as follows

Total Appropriation Request is \$78,603,060 – Inc. of \$8,859,969 or 12.70%

Combined Revenues are \$45,074,026 – an Increase of \$6,889,855 or 18.07%

Combined use of Fund Balance Decreased by \$381,467

Net Appropriations in the Draft Budgets would result in \$31,677,190 – Inc. of \$2,341,581 or 7.98%

Less Increased Homestead Reimbursement of \$200, 879

Nets and increase of 7.32% or \$1.52 per \$1,000 BEFORE Changes in Total Valuation* for the ensuing Year

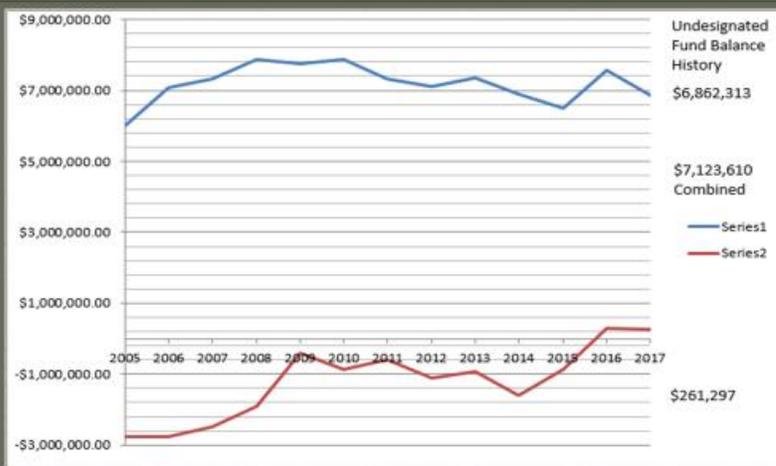
*Currently would need an increase in Total Valuation of \$105,000,000 to keep the same Mil rate

LY was \$120,000,000 for comparison

Resource Allocation and Net Taxation

Resource Allocation and Net Taxation		
Expense Budget Comparisons		
Municipal	\$ 24,440,991.00	32.78%
School	\$ 50,126,453.00	67.22%
2-Year Net Increase to Taxation		
Municipal	\$ 2,218,492.00	15.29%
School	\$ 12,292,819.00	84.71%
Non-Property Tax Revenue		
Municipal	\$ (10,305,258.00)	22.86%
School	\$ (34,768,768.00)	77.14%
2-Year Net Increase to Revenue		
Municipal	\$ 1,481,974.00	12.22%
School	\$ 10,646,504.00	87.78%
Net Appropriations Operations		
Municipal	\$ 13,285,733.00	48.06%
School	\$ 14,355,841.00	51.94%
Net Use of CIP		
Municipal	\$ 2,898,735.00	88.28%
School	\$ 384,825.00	11.72%
Total Appropriations with CIP		
Municipal	\$ 16,184,468.00	52.33%
School	\$ 14,740,666.00	47.67%

Undesignated Fund Balance History



Positive budget variances in revenues and expenditures of \$2m, \$1.4m utilized from prior year carryover of capital projects, plus another \$850k of budget use of fund balance results are \$360k decrease in general fund balance.

\$1.1 M was in use of Capital Plan carry over

School authorized use of \$725,000

City authorized use of \$850,000

Various use of assigned buds of \$136,557

Total Assigned use of Fund \$1,711,557

Net Unassigned:

School \$261,297

City \$6,826,313

Total Unassigned Fund Balance of \$7,123,610

More Detail, analysis and discussion during Presentation of City and School Budgets

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Debt Service	\$ 682,119.00	\$ 40,402.00			
Total Appropriation	\$ 24,440,991.00	\$ 1,472,380.00			
Revenue	\$ (10,305,258.00)	\$ 911,083.00			
Use of Fund Balance/Carry Forward	\$ (850,000.00)	\$ 258,311.00			
Net Appropriation Net Operations	\$ 13,285,733.00	\$ 819,608.00			
CIP	\$ 2,898,735.00	\$ 772,888.00			
Total Appropriation with CIP	\$ 16,184,468.00	\$ 1,592,496.00			
School Impacts			FY 18 vs. FY 19		
Expense	\$ 42,031,319.00	\$ 2,517,918.00			
Debt Service	\$ 8,095,134.00	\$ 4,100,321.00			
Total Appropriation	\$ 50,126,453.00	\$ 6,618,239.00			
Revenue	\$ (34,768,768.00)	\$ 5,588,772.00			
Use of Fund Balance/Carry Forward	\$ (1,001,844.00)	\$ (276,844.00)			
Net Appropriation Net Operations	\$ 14,355,841.00	\$ 752,623.00			
CIP	\$ 384,825.00	\$ 75,925.00			
Total Appropriation with CIP	\$ 14,740,666.00	\$ 828,548.00			
			FY 18 vs. FY 19		Net Change LY
			Combined Expense	\$ 74,567,444.00	\$ 8,090,619.00
			Combined CIP	\$ 3,283,560.00	\$ 848,813.00
			County Tax	\$ 752,056.00	\$ (79,463.00)
			Total Appropriation	\$ 78,603,060.00	\$ 8,859,969.00
			Combined Revenue	\$ (45,074,026.00)	\$ (6,899,855.00)
			Combined Use of Fund Balance	\$ (1,851,844.00)	\$ 381,467.00
			Net Appropriation	\$ 31,677,190.00	\$ 2,341,581.00
			Mil Rate for Municipal & School FY 19	\$ 22.26	\$ 1.5200
			FY 18	\$ 20.74	
			Total Net Change/\$1,000	\$ 1.5200	7.33%
			Net Appropriation due to Operations	\$ 1,492,768.00	5.09%
			Net Appropriation due to CIP Mandate	\$ 257,587.00	2.89%
			4% Charter Mandate	\$2,692,334	

This Slide combines all the information from the Prior Information – as presented/discussed

Starting Conclusions (oxymoron)

Total Requested Expenses are up by \$8.8 M

Combined Revenues are up by \$6.9 M

Use of Fund Balance decreases by \$381,467

Total Net Appropriation Increase of \$2,341,581 or 7.98%

Comprised of \$1,492,768 or 5.09% due to Operations

CIP increase of 257,587 or 2.89%

Impacts to Mil Rate of \$1.52 per \$1,000 of valuation*

Before Adjustments to Taxable Valuation for 2018

Tax Rate Projection

3/1/2018 12:24	FY 2017/2018 APPROVED BUDGET	FY 2018/2019 City Manager Recommendation	
VALUATION			
Homestead Exemption at \$20,000 but State will only reimburse communities 62.5%			
Less Homestead Value		Assume Same	
Net Valuation:	1,408,188,280	1,408,188,280	
APPROPRIATIONS			
COUNTY			
County Tax (Assessed)	831,519	752,056	
Total County Tax:	831,519	752,056	-9.56%
MUNICIPAL			
Municipal Services	21,672,182	23,073,160	6.46%
Libraries	561,975	561,975	0.00%
Outside Agencies	92,737	123,737	33.43%
Debt Service	641,717	682,119	6.30%
Total Municipal Appropriation:	22,968,611	24,440,991	6.41%
SCHOOL			
School Committee Recommendation			
Education	38,666,857	41,282,857	6.77%
Debt Service	3,994,813	8,095,134	102.64%
Adult Education	846,544	748,462	-11.59%
Total School Appropriation:	43,508,214	50,126,453	15.21%
CAPITAL RESERVE			
Municipal	2,125,847	2,898,735	36.36%
School	308,900	384,825	24.68%
Total Capital Reserve:	2,434,747	3,283,560	34.86%
TOTAL APPROPRIATION:	69,743,091	78,603,060	12.70%

Tax Rate Projection

Revenue Sharing	1,598,513	1,598,513	0.00%
Municipal Revenue	7,795,662	8,706,745	11.69%
Total Municipal Revenue:	9,394,175	10,305,258	9.70%
SCHOOL			
Assume Same			
School Revenue	27,092,496	33,194,493	22.52%
Miscellaneous Revenue	398,500	350,275	-12.10%
Adult Education State Subsidy	184,000	180,000	-2.17%
Other Adult Education Revenue	180,000	99,000	-45.00%
Acton School Tuition/Food Service	925,000	945,000	2.16%
School Unassigned Fund Balance	400,000	0	-100.00%
Carry Forward FY18	725,000	1,001,844	0.00%
Total School Revenue:	29,904,996	35,770,612	19.61%
TOTAL REVENUE:	39,299,171	46,075,870	17.24%
Amount To Be Raised By Taxation:	30,443,920	32,527,190	6.84%
BASE TAX RATE:	\$21.62	\$23.10	
USE OF UNDESIGNATED FUNDS:	1,108,311	860,000	-23.31%
Less U.F. Rate:	(\$0.79)	(\$0.60)	
NET TO BE RAISED BY TAXATION:	29,335,609	31,677,190	7.33%
MINIMUM TAX RATE:	\$20.83	\$22.49	7.98%
Homestead:	(\$784,271.69)	(\$986,150.00)	
Homestead Rate:	(\$0.56)	(\$0.70)	Projected
BETE:	(\$320,261.48)	Assume Same	
BETE Rate:	(\$0.23)	(\$0.23)	
Overlay Amount:	\$244,989.45	Assume Same	
Overlay Rate:	\$0.17	Assume Same	\$0.17
TIF Amount:	\$729,738.69	Assume Same	
TIF Rate:	\$0.52	\$0.52	
SELECTED TAX RATE:	\$20.74	\$22.26	\$1.52 7.32%

12. Set agenda for next Budget Committee meeting – March 8, 2018
 - a. School Department Budget Detail
 - b. Break down of new positions.
13. Public Participation
14. Budget Committee Member Comments
 - a. Continued comments on the revenue potential from new construction to help offset tax increase.
15. Mayor Cote adjourned the meeting at 7:00 PM.