

Town of Brunswick, Maine

**Finance Committee Meeting
Wednesday, August 27, 2015
4:30 – 5:30 PM**

85 Union Street – Conference room #206

Meeting Minutes (Approved 9/17/15)

Committee Members: Sarah Brayman, John Richardson
Staff: Julie Henze, John Eldridge, Paul Perzanoski
Others: Councilor Dan Harris, School Board member Rich Ellis,
Richard Fisco, Jean Powers

1. Acknowledgement that Meeting was Properly Noticed

JH confirmed that the meeting was on the Town Calendar

2. Adjustments to agenda / Public comment

Adjustments:

Begin with items 4 & 5, return to item 3 if time allows.

Public comments:

Jean Powers – would like Finance Committee meetings to be televised for transparency to the public. (Committee referred to the July meeting’s discussion of the pros and cons of televised meetings. Compromise might be to record the meetings for VOD. The ‘substantive’ meetings could also be televised. The spring budget workshops will be televised.)
Richard Fisco –wants to stress the need for maintenance on buildings.

4. John Richardson moved, Sarah Brayman seconded, to accept the 7/23/15 Finance Committee Meeting minutes. The motion carried unanimously.

5. Review financial aspects/implications of school projects

Packet includes 8/19/15 letter from Paul Perzanoski to John Eldridge, debt service schedules provided to the School Board at their 8/12/15 meeting, and information about the School Revolving Renovation Fund (SRRF). The goal of the finance committee is to address the questions in the letter that are specific to financing and debt service alternatives.

JH handed out additional debt service schedules for illustration of several scenarios, including a “ramped principal” schedule for \$25M over 25 years, which has rising debt service costs for the first several years and then the usual declining profile. The benefit of the “ramped” structure is lower initial debt service costs, spreading out budget increases over several years. Total cost is more due to lower retirement of principal in the early years.

John Richardson:

- Look at debt service in relation to amounts becoming available from retiring debt. Wants to see the debt service schedule lined up with the retiring debt, to get a better picture of the total debt service effect on the budget.
- Feels open to an \$18M level renovation project, preference for \$25M+ for new school.
- Recommends a small task force, including members of the public. Provide the task force with several scenarios based on analysis already done.

- Appreciates the work the School Board has done, thinks that the process can move relatively quickly based on the available data.

Sarah Brayman:

- These debt service schedules were developed to represent a range of options – from \$1M for immediate repairs to \$25M for a new school. They are intended to inform, not indicate the availability of funding or to direct the decision.
- Looking at the financial picture, when does it become cost effective to build new? A full analysis of the cost implications needs to also consider potential savings from energy efficiency and lower maintenance costs associated with a new school.
- Recognizes the need to address the trade-offs between capital projects, maintenance and operations during the annual budget process.
- Wants to see the whole Town get behind the project. Hoping for joint workshops for Town Council and School Board.

Rich Ellis:

- A new school for 600 students and 60 pre-K would probably cost approx. \$26M. In two or three years that would likely increase to \$28M. In estimating debt service it might be better to use the higher amount.
- Wants to be clear that he is not speaking as a representative of the School Board, but only as an individual member, who has often been in the minority on the board.
- School Board has not been able to find consensus around a new school.
- It should be noted that the schools built in the 1950's and 1960's are not the same quality of construction or material as older buildings.
- Concerned with expediency. Schools are facing enrollment challenges now. Doesn't want to start over with the analysis process.
- Concerned with what the Town can afford without compromising/diminishing the quality of education.
- To maintain the primacy of educational concerns, the final decision on school building configuration/construction should be a school department decision.

Richard Fisco – Tax rate has been increasing too much year after year. The two schools could be made to last forever. Need to consider the option of maintenance, within the school budget, to keep the buildings in good repair long term. Old car analogy – decision to repair or replace is dependent on financial resources available.

Jean Powers – Doesn't understand why the Town Council didn't vote to hold a public hearing. Would have heard support for repairing the schools. Deal with the major problems now, and get back on track with maintenance. The School Board originally wanted new school, but they listened to the taxpayers and switched to renovations.

Dan Harris – Agrees that good education can happen regardless of the building. He looked at the PDT report and identified \$6.2M in safety and security items which he feels should be done. Also, interested in the possibility of retrofitting older buildings with newer, energy-efficient technologies.

JH handed out Paul Caron's preliminary list of BJHS projects for the CIP process. The projects are ranked in priority order, but PC will propose a sequence/timeline with his CIP submission.

Several of these projects qualify for School Revolving Renovation Fund financing, and will be included in the application. Application deadline is 9/30/15, award date 2/1/16, other information about this program is included in the packet.

Questions about the typical amount spent on school maintenance per year. Annual work program varies, but per 2016-20 CIP: 2015-16 \$390,000; 2016-17 \$584,000; 2017-18 \$433,985. Projects over \$100K (\$250K?) are considered individually within the CIP process.

Paul Perzanoski pointed out the difference between “maintenance” and “repairs” – buildings require regular maintenance and larger repairs periodically. Many smaller maintenance jobs are handled by custodial/maintenance staff in course of normal duties.

Also mentioned that the professional architect has performed a detailed survey and, along with Paul Caron, has identified the needs of the buildings. Feels that this assessment can be trusted.

John Richardson - appreciates the distinction between maintenance and repairs. Also respects the opinion of the architect, who said the \$12.5M was “bare bones, more could be done”. Thinks the architect is convinced that new buildings are a better option.

Sarah Brayman - individual councilors may have focused on specifics, but feels that TC as a whole would support larger projects. Anticipates discussion of topic at Sept 8th meeting. Wants to schedule joint workshops with both boards.

9. Adjourn

3. Finance Report

Not discussed

6. Review long-term financial planning model

Not discussed

7. Update on CBA negotiations

Not discussed

8. Review list of follow-up items

Not discussed.

Remaining left over from 6/18/15 and 7/23/15 meeting, updated by JH:

- (a) Suggestion to record and/or televise Finance Committee meetings – to be discussed further with full Finance Committee.
- (b) Complete a salary survey – Saco survey was not very helpful; Jessica is requesting a quote from the consultant to give Brunswick access to more of the data.
- (c) Revenue ordinance – task has been reassigned to Finance Department, analysis to be completed by December 1, 2015