

Town of Brunswick, Maine

Finance Committee Meeting

Thursday, October 15, 2015

3:30 – 5:30 PM

85 Union Street – Conference room #206

Meeting Minutes (Approved 12/17/15)

Committee Members: Sarah Brayman, Jane Millett, John Richardson

Staff: Julie Henze, John Eldridge (arrived 4:45)

Others: Hank Farrah and Tim Gill from Runyon Kersteen Ouellette
Jean Powers, Richard Fisco, Marc Theberge

1. Acknowledgement that Meeting was Properly Noticed

JH confirmed that the meeting was on the Town Calendar

2. Adjustments to agenda / Public comment

Move items #5 & #7 down until John Eldridge arrives.

Public comments:

Jean Powers: Ambulance fees should be higher – provided redacted copies of bills. Mooring fees should be comparable to other towns - \$100 resident, \$250 nonresident. Parks & Rec should charge an annual membership fee for use of facilities. Feels that an ambulance is more important than a sidewalk tractor and should be replaced first.

Richard Fisco: Wants to let finance committee know that the BHS bond process was ‘deplorable’; taxpayer impression is ‘spend, spend, spend’; when the vote was not delayed two weeks it seemed that the vote was pre-determined; requests for information on the boiler were ignored.

Investigation on the boiler and on the process is continuing.

Marc Theberge: Thank you for financing another sidewalk tractor. Note that the smaller tractor couldn’t blow the snow very high and was blowing snow onto gas meters, which was a safety issue.

3. Jane Millett moved, John Richardson seconded, to accept the 9/17/15 Finance Committee Meeting minutes. The motion carried unanimously.

4. Report/questions with RKO auditors

Hank Farrah and Tim Gill of Runyon Kersteen Ouellette, CPAs gave an overview of the audit process. The financial reporting is the responsibility of management. The auditors give an opinion on the reporting. The opinion is based on a review of internal controls and sample-based testing of records. No expectation to test everything or to ‘catch fraud’. Focus is on the effectiveness of financial policies and procedures. Auditors will make recommendations for the design of internal controls if they note areas that could be strengthened.

The work is done in two stages: 1) Interim visit (1 week in May or June) to test processes through sampling, including Federal compliance testing. 2) Post year end field work (2 weeks in October) to continue testing, confirm balances, review financial reports for accuracy. The Town has had clean audits, which means that the auditors have time to delve deeper and ‘try to find mistakes’.

Auditors ask management if there are areas of concern, and will look further into those areas.

Jane Millett asked why the school budget format is so different from the Town budget. Hank pointed out that the school department uses the chart of accounts required by the state.

John Richardson asked about BDC. Has heard about issues with the funds loaned by BDC not being used as approved. Do the auditors watch this? Hank replied that the auditors only track the dollars, making sure the accounting is proper, and will test compliance with the repayment schedule only. If there are performance requirements associated with a loan, those are the responsibility of the BDC board to review.

Brief discussion of GASB 68 and the recording of net pension liability and related deferred inflows and outflows of resources on the government wide statements. Per Hank, he learned at a GASB round table that the bond rating agencies don't even look at the government wide statements. The intention of GASB 68 is to draw attention to underfunded pension plans, for example in the Midwest where some plans are funded at 45%. Also, standardized actuarial assumptions make pension plans comparable around the country. For Brunswick, Hank described this as a 'paper liability', as the responsibility for the pensions rests with MainePERS. Funded percentages are currently 94% for the PLD and 83% for the Teachers Plan.

JH concluded auditors' presentation with reminder that the auditors are in town until October 23rd, and are always happy to meet with councilors privately to hear concerns and/or questions. They can also be reached at RKO at any time during the year.

6. Status report/proposal on revenue ordinance

The project on the 'revenue ordinance' came out of the Town Council's interest in conducting a thorough review of all the fees charged by the Town, with the view of updating fees where appropriate. The first step taken was to consolidate all revenues, charges, fines and fees in a schedule. The proposal is to amend the Municipal Code of Ordinances to add this schedule of fees as an appendix, and reference the schedule within each chapter of the Code. The amended format would facilitate the review and update of Town fees, for this project and for periodic future reviews.

As the initial action item for the committee, JH presented a draft of a fee schedule and proposed changes to language in the Municipal Code of Ordinances. The committee discussed the proposed format, raising questions about pros and cons. Pros are that it is easy to read with all the fees in one place. Cons could be that seeing the fees all together in a table could create a bias in which fees are compared to one another. Question about individual schedules for each chapter, but the majority of the board like the schedule as one document. Streamlining regulation, "one-stop shop". Emphasis that the schedule must be referenced within the sections of the Code.

Public comments:

Jean Powers: likes the proposed format. Question about enforcement of false alarms - what is the point of having fees if they are not charged properly? Question about revaluation - will renovations done without building permits be charged a fine?

Richard Fisco: likes format to compare fees - to each other and to other municipalities. For added revenues, bicycles should be registered.

Marc Theberge: likes format, feels it is time to review the fees.

Conclusion of the committee is to recommend the Code of Ordinances amendment/format change to the Town Council. Goal is to complete the amendment before the end of the year.

Next step will be to examine the fees and work on the policy decisions around fees. JR feels department heads will have good info and feedback, and would like their suggestions for fees based on a philosophy/policy, as well as based on comparisons with other municipalities.

JH will ask dept heads to review the schedule and language changes, make any necessary changes for presentation of the proposed amendment to the Council for adoption. Will also let dept heads know they will be asked for recommendations on updating fees.

8. Preliminary CIP – department submissions

JH presented list of projects, some left over from previous CIP, others newly submitted by departments. Colors indicate which section the project was in last year. New projects are in pink. The new projects are for wide-area-network fiber, planning for interior configuration of the Rec center, a bike path connection to the Fitzgerald Rec area, paving the front lot at the Rec center, and school department projects. For the school department, projects for Coffin and BJHS have been grouped into categories. The projects included in the application for the School Revolving Renovation Fund (SRRF) are separated from the other projects and shown in the 2016-17 column.

JR raised question of bringing another councilor in to bridge into next year on the Finance Committee, as his term on the Council will be ending. Discussion about continuity, especially for the school department process. CIP is always a work in progress, especially this year. Ideally, councilors not on the committee would attend some of the CIP workshops.

Committee discussed changes to the schedule. Nov19th meeting to be moved to Nov 12th. Dec17th meeting to be moved to Dec 10th. Question of how to schedule with school department. Best option is to offer the schedule to the school and let them choose when they would like to present to the committee.

Question about debt service ratio – debt service to total expenditures. What is recommended level? JE – would look at debt service plus amount budgeted for capital. JH will provide data for next CIP discussion. 11/5/15 meeting – Manager’s recommended CIP, hear from departments.

5. Data collection for building life-cycle costs

JE reported that Lyndon Keck of PDT Architects will be providing life-cycle costs to compare energy savings, and differences in other operational/maintenance costs.

7. Salary survey

JE reported that he met with the consultant who did the Saco survey, to get info on how the data was collected and determine if the data can be useful to Brunswick. Survey included updating job descriptions, comparison with private sector positions as well as other municipalities, and recommendations for performance review system. JE pointed out that pay rates are only one piece of compensation – benefits also need to be taken into account. Also concerned that job descriptions are not clear/complete enough to provide accurate comparisons to other entities.

JR – retention is often used as an indicator of salary sufficiency. Town of Freeport bases salaries on a survey they do.

JE – needs to talk to consultant again to figure out what we can get without paying too much.

Public comments:

Jean Powers: Federal COLA is zero this year. High proportion of Brunswick residents are on fixed income. *(JH follow-up – per 2010 census, 24.4% of population is age 60 and over)*

9. Finance Report

(a) September expenditure & revenue reports – JH: no unusual items to report

(b) Status of TIF funds

JH provided a historical table of current four TIF districts. \$400K-\$500K has been used in the general fund budget for the past several years. Now that TIF revenues are increasing, there will be amounts in excess of this. TIF revenues must be used in accordance with the development program established for each district.

SB – policy decisions need to be engaged. Incremental increases must be used in a rational manner. Would like info on acceptable uses.

JE – would not add new expenditures before filling the “hole” of fund balance.

JH – ideally use of TIF revenues would be budgeted in conjunction with the annual budget. Will work on a structure to show how funds may be used as specified in development programs.

10. Review list of follow-up items

- (a) Parks & Rec Dept sidewalk/snow plowing routes – JH provided a list of areas maintained and a map of sidewalks plowed. All properties are Town-owned or used by the Recreation Dept for access to recreation areas.
- (b) Recording/televising Finance Committee meetings – to begin in 2016, with budget workshops.

11. Adjourn

Follow-up items – compiled by JH

- (a) Solar project – per JR, will soon have enough data to run the numbers. Town may own the project. Question of anchors on the roof – to be done with new roof installation. Include in CIP?
- (b) Debt service ratios for CIP – look at best practices, recommended levels
- (c) TIF development programs – permitted uses of TIF revenues.