

Town Council Finance Sub-Committee Meeting Minutes VIA ZOOM

February 10, 2021 – 3:00PM

Members Attendance: Janice De Lima (Finance Committee Chair), Ted Asherman (Town Council), Jay Trickett (Town Council)

Others in Attendance: Amy Kuhn (Town Council Chair), Hope Cahan (Town Council), Pete La Fond (Town Council)

Nathan Poore (Town Manager); Peter McHugh (Finance Director); Amy Lamontagne (Assistant Town Manager), Susan Gibney (Assistant Finance Director), Maggie Fleming (Administrative Analyst), Fire/EMS Chief Howard Rice, Police Chief John Kilbride, Jen Phinney (IT Director), Dwayne Brown (Wastewater Ops Foreman), Jeff Buxton (Public Works Director), Theo Holtwijk (Director of Economic Development), Ethan Croce (Community Development Director), Ellen Planer (Town Clerk), Lucky D'Ascanio (Parks & Community Programs Director), Jenna Mayotte (Falmouth Memorial Library Director), Catherine Cleale (Falmouth Memorial Library), Vicki Swerdlow (Falmouth Memorial Library), Diane Moore (Wellness Committee), Andrea Ferrante (Wellness Committee), Doug Michaud (Wellness Committee), Nancy Lightbody (Wellness Committee) .

The meeting was called to order @ 3:01PM

- Approval of January 27, 2021 Meeting Minutes.
 - a. Councilor Asherman moved to approve the minutes, seconded by Councilor Trickett. The minutes were approved.
- Human Services Funding Request.
 - a. Andrea Ferrante, Chair of the Wellness Committee, presented the Committee request for \$35K in Human Services Funding.
 - i. Councilor Trickett asked for an update on the financial strains and needs of these organizations due to COVID impacts.
 - 1. Nancy Lightbody replied that the Town has been supporting these organizations for years. Dental health has been impacted by COVID as dental practices are only accepting emergency calls, there is increased sanitary needs, PPE requirements and a 35% increase in requests for Meals on Wheels, Opportunity Alliance is seeing a childcare crisis as well as child nutrition issues and increased Oil & Heat support needs. Northern Light Hospice can't go into homes and are doing a lot of telemedicine work and administering flu shots. Falmouth contributions help Federal Grant Applications as it shows local support.
 - 2. Diane Moore stated these organizations serve 1,500 Falmouth residents and are spending more money due to COVID. Doug Michaud added that the needs are tremendous as are the organizations.
 - ii. Councilor Trickett said the number of organizations went from 12 to 13. He asked the Committee to describe the process: Do they reach out to apply? Or is there outreach to new organizations? How are the funds allocated?
 - 1. Nancy Lightbody replied that there was only one organization that applied a couple of years ago that was turned down. They have not advertised for new organizations as these are organizations that have already applied. The plan is to advertise for a

- new round of applications in FY22. Once applications are received the Committee reviews applications and meet to make funding decisions.
- iii. Councilor DeLima said that the Council had difficult decisions to make for funding cuts as there was concern in burdening folks with additional taxes during the pandemic. Opportunity Alliance is fully funded for heating oil assistance, hospice is reimbursed through Medicare, the Food Pantry relies on direct contributions. She would prefer to support organizations that do not receive funding from Other sources.
 - iv. Councilor Asherman asked what the timing of these requests was calendar year or fiscal? Are the requests for the next round in 2022?
 - 1. Diane Moore stated that this request is based on applications received in December 2019. Funding is for the 2020 calendar year.
 - v. Councilor DeLima stated that this request is for funding before June 2021.
 - vi. Councilor Kuhn asked how the \$1,516,153 in services provided numbers are calculated? She agreed with Councilor DeLima that many of these organizations have other funding sources.
 - 1. Diane Moore stated that the applications asked for the number of Falmouth residents they serve, applicants submitted the costs.
 - vii. Councilor DeLima asked if the services provided are free or does insurance pay?
 - 1. Nancy Lightbody replied that some services are paid for and some are not, she did not know the details.
 - viii. Councilor DeLima asked if we should concentrate the contribution to fewer organizations so the amount is more significant? How do we connect residents to these services? These are thoughts for future consideration by the Committee.
 - 1. Nancy Lightbody responded that Wellness has discussed advertising the available services and resources going forward.
 - ix. Councilor Cahan stated that she was the Council Liaison for this Committee. She mentioned that METRO had sent the Town \$18,539 in rebates. Could the Town use some of that money for this?
 - x. Councilor Trickett stated that he was not sure what the right answer is but agrees with Councilor DeLima that it needs to be looked at in relation to the Budget. There are other needs that were cut, should they be restored? He agrees that these organizations provide services that the Town might have to provide if they were not there. He would like to restore, if possible, but would like to consider others. He was not sure he was comfortable contributing out of FY21 Fund Balance.
 - xi. Councilor Asherman stated that this was a request out of FY21 Fund balance so other items are not relevant.
 - xii. Councilor Trickett stated that it would be relevant because if it is restored then it will be part of the FY22 Budget. The decision is do we want to support this going forward.
 - xiii. Councilor DeLima asked how the Budget amount arrived at going forward?
 - xiv. Councilor Kuhn stated that Wellness asked to be added to this Agenda to request a Supplemental Appropriation. Is the path forward to consider this separately?
 - xv. Councilor DeLima agreed and maybe the Council could allocate the \$18K from METRO for this?
 - 1. Andrea Ferrante stated that Human Services will need a couple of months to do the work that was needed to provide funding in April but the sooner a decision is reached the better. She summarized that she felt that this request is a different category from the other cuts made in the Budget.
 - xvi. Councilor Asherman asked since we are being asked for a Supplementary Appropriation should we address other items at the same time?
 - 1. Councilor DeLima asked if there were other requests and Pete McHugh stated that there were none. Nathan Poore stated that many items are restored in the current Budget request and will be presented.
 - xvii. Councilor DeLima asked when the Council would want to give a decision?

- xviii. Councilor Trickett stated that he saw the funding for this was restored in the FY22 Budget so the question is Supplemental Appropriation, it still could be cut from the FY22 Budget.
 - xix. Councilor DeLima stated that the decision will come sometime in March.
 - xx. Councilor Kuhn asked if the Council Agenda item should be delayed? Councilor DeLima stated that the Committee would make a recommendation. Councilor Kuhn stated that the Supplemental Appropriation can be done in one Council Meeting.
- Councilor DeLima Reviewed Follow-Up Items from the last Meeting
 - a. First item was which road was being re-paved in the I-295 to Falmouth Road project? Staff responded that it was Lunt Road.
 - b. Next item was the request to investigate whether the Route 88 Intersection project could be included in a TIF? Staff replied that it was determined it could be included in the Ocean View/Natural Gas TIF with DECD approval. It has been added to the Budget.
 - i. Councilor DeLima asked if the Brown property was included. Staff responded that it was included in the project.
 - c. The final item was the request to increase the income level for the Senior tax assistance program to \$50K and provide an additional \$10K in funding for the FY22 Budget. Staff replied that it has been added to the Budget.
 - Presentation of the Library FY22 Budget Request.
 - a. Library Director Jenna Mayotte and Vicki Swerdlow presented the FY22 Falmouth Memorial Library Budget request for an increase in the Town of Falmouth contribution of a little over 1.7%. FY22 will be the first full year of operations in the newly renovated Library fully staffed and resuming services and programs post-COVID. Highlights included an increase in acquisitions to balance new Library needs. There is also a 2.5% Staff COLA increase assumption but no increase in staffing.
 - b. Councilor Trickett asked about the \$57,527 Net Income projected for FY21, what happens to that money?
 - i. Vicki Swerdlow responded that the money is moved to the Board Allocated Fund.
 - c. Councilor Trickett asked if there was any consideration given to sharing those gains to cover the Budget?
 - i. Vicki Swerdlow responded that the Board drew down that fund for construction and was hoping to build that Fund back up. Jenna Mayotte stated that there is still some concern about some revenue items in the Budget and the Board Designated Fund offers coverage for shortfalls.
 - d. Councilor Asherman stated that he hears that the \$15K in fund raising is not a solid number due to COVID. In FY21 there was no fund raising revenue.
 - i. Vicki Swerdlow agreed that the Board feels it is a stretch but could try other sources to fill the gaps.
 - e. Councilor DeLima asked if the Library is doing grant writing?
 - i. Vicki Swerdlow responded that they currently would not be but that would be part of an additional position of Developmental Officer. The Library is currently looking for a Grant to pay for that position. Councilor Kuhn stated that that would be a way to make fund raising revenue sustainable.
 - f. Councilor DeLima asked if they felt people would want to pay for meeting space?
 - i. Jenna Mayotte responded that there is demand for meeting space.
 - g. Councilor Asherman asked why non-resident fees were not projected to increase? Jenna Mayotte responded that non-resident use has not panned out but they felt they could maintain the FY21 level.
 - h. Jenna Mayotte stated that to determine the level of Budget for Acquisitions, she looked at the period FY16 to present and that the FY22 increase is really just an inflationary increase from FY16 and assumed nothing new. They would like to expand e books. E books are much more expensive than paper books but over 200 patrons currently use the e book application every month. The intent is to serve Falmouth residents first.

- i. Councilor DeLima asked if physical book spending could be reduced to help cover e books?
 - i. Jenna Mayotte responded that people still want books as well.
- j. Councilor DeLima asked if there is duplication of titles between print and e book?
 - i. Jenna Mayotte replied that duplication provides customer service. Vicki Swerdlow added that when they get 10 holds on a title they buy an additional book.
- k. Councilor Kuhn stated that there had been a multi-year request for an IT position and was curious why that was not in this request, was existing staff covering?
 - i. Jenna Mayotte replied that current staff has taken that on for now but feels it will be a future need.
- l. Councilor Asherman asked what was happening to the technology line? It was \$10K in FY21 up to \$20.8K in FY22.
 - i. Vicki Swerdlow responded that they added \$15K to that number to hire contract IT services in FY22.
- m. Councilor Trickett stated that there was a Development person in FY21 but it was cut in FY22. He was curious if there have been learnings on how to raise money from the large construction project. Do you see hiring someone going forward?
 - i. Vicki Swerdlow replied that when one finishes a major project that it is time to pivot from construction support to operation support. That is why they are going to write a grant to cover a position. Once COVID is over, they will be able to pivot based on the infrastructure that was developed for the project and leverage the donor list. She stated that some donors have already converted capital contributions to on-going operations support.
- n. Councilor Trickett asked if the FY21 reductions were due to reduced asks related to not being open?
 - i. Vicki Swerdlow replied that the annual fundraising letter was not impacted. They are getting miscellaneous donations and Clink bag revenue. The revenue miss is due to the lack of event revenue.
- o. Councilor Asherman mentioned that the Town funding level was 84%. He asked if they could have a timeline of funding % over the last 5 or 6 years?
 - i. Pete McHugh responded that he would provide that.
- p. Councilor DeLima asked if there were further questions. Seeing none she thanked the Library staff for their presentation.

- Presentation of Town Operating Budget Spreadsheets.

- a. Nathan Poore and Pete McHugh presented the Town Proposed Budget worksheets showing a revised Budget Case with a mil rate increase of \$.33 or 9.9% to \$3.63.
- b. Staff presented cuts made from the original Base Case that showed a mil rate increase of \$.56 or 17%.
 - i. Listed expense cuts of \$558K included reductions in CIP appropriations for Open Space and the Fire Department Tank Truck, an increase in IT cost allocations to Wastewater to better reflect actual costs incurred. These reductions were partially offset by an increase in Legal Fees, Comprehensive Plan funding, the allocation for the Senior Tax Relief program, and increased funding to the Recreation Special Revenue Fund to cover senior services.
- c. Councilor DeLima asked about the increase in short-term rental legal fees, should fees cover those legal fees?
- d. Councilor Asherman stated that the column titles on page 4 needed to be corrected.
- e. Councilor asked what the increase in contingency was for. Nathan responded that it is a reserve to cover union negotiations for both Police and Public Works.
- f. Councilor DeLima asked when negotiations would be complete. Nathan responded that they should be complete by the end of the year.
- g. Councilor La Fond asked where overtime was being generated.
 - i. Pete McHugh responded that the major departments that have overtime are Parks and Public Works which was winter storm-related and Police and Fire. Nathan stated that the Police and Fire OT is caused by the need to fill all shifts for public safety.

- ii. Councilor Asherman stated that vacant positions also cause OT.
- h. Staff then presented the impact of the Fire/EMS expansion on the mil rate.
 - i. The FY21 Budget included \$1.4 million to expand the Fire Department per the 3rd party consultant recommendation for increased staffing to provide necessary levels of service to the community.
 - ii. When COVID became a reality last spring, staff cut \$1.4 million in spending (COVID Cuts) to minimize the FY21 rate increase.
 - iii. The current Budget looks to restore \$635K of the “COVID Cuts” while the full-year impact of Fire Department staff increases added \$220K to the Budget.
- i. Non-Property Tax revenue is projected to increase \$307K or 5.1% in FY22.
- j. Councilor Trickett asked what the prospects were that the Fire Department would unionize?
 - i. Nathan stated that it was 100%. The union has to wait 6 months and bargaining will begin after that.
- k. Councilor Trickett Stated that he wants to express that he was uncomfortable with the hiring plan for the Fire Department. Once a position is added it will not be reduced. He would rather not hire and cover with other wages like overtime.
 - i. Councilor Asherman asked what were Councilor Trickett’s concerns and how could they be addressed?
 - ii. Councilor Trickett said it was about the 9.9% Budget proposal, if we have further conversations he would like to look at cutting 1-2 firefighter positions. Have all positions been filled?
 - 1. Amy Lamontagne responded that yes, all positions have been filled.
 - 2. Chief Rice reminded the group that getting members to show up continues to be the issue.
 - 3. Councilor Trickett replied that salaries are the largest component of the mil rate increase.
 - 4. Councilor Trickett stated that he was not asking to eliminate positions that have been already filled.
- l. Councilor DeLima stated that there needs to be a conversation about Open Space funding going forward and other discretionary spending items. Can we make a short list of discretionary spending items?
 - i. Councilor Asherman stated that it would be tough to determine what is discretionary.
 - ii. Councilor Trickett agreed that it is a matter of opinion.
 - iii. Councilor DeLima stated it would include Human Services, Senior Tax relief and Open Space.
 - 1. Councilor Trickett stated that the Tier 1, tier 2 and tier 3 cut list did a good job spelling that out. Is that what you are referring to? Do you want to revisit the Tiers?
 - a. Councilor DeLima stated that we should bring back that list to review.
 - b. Councilor Asherman said we have not reviewed the tiers, can we do that at the next meeting?
 - i. Nathan stated that yes, we can reconcile to the current Budget proposal. We can have a meeting on February 24 to review.
 - c. Councilor Trickett stated that it would be helpful to identify if an item was brought back, what would the mil rate impact be? Update the Tier Schedules with the mil rate impact of each item.
 - d. Councilor Asherman asked that Human Services and Senior Services be added to the analysis just to save time.
 - iv. Nathan requested that Councilors review the Budget and submit questions to Pete or himself before the next meeting.
- Staff then presented the Wastewater Operating Budget
 - a. In the interest of time, Nathan presented a high-level review of the Wastewater Operating Budget. The proposed budget includes expenses of \$2,814K, an increase of \$43K or 2% over the FY21 Budget.

- i. Debt service for the anticipated West Falmouth Sewer extension bond issuance is included at \$360K but timing of the debt issue is not certain at this time.
- b. The Budget calls for a 3% user fee rate increase from \$45.51 to \$46.88.
 - i. This is consistent with the 10-year long-term rate plan. The plan is tracking very close to expectations and has produced a stabilized Wastewater fund balance.
- Nathan requested that every meeting going forward end with a review of the 6-year mil rate outlook.
 - a. The mil rate impact schedule showed projected mil rate increases with rate changes ranging from \$.35 in FY22 to \$.57 in FY25 with a mall increase of \$.06 in FY26.
- Councilor DeLima stated that the February 24 meeting should rely to the Tier reduction list.
- Councilor Asherman agreed that a presentation does not give Councilors an opportunity to discuss the Budget.
 - a. Nathan stated that twice-a-month meetings have helped.
- Councilor Trickett stated that there was value in the fact that we had consistency in the Finance Committee meetings. From here on out, we don't need to go through each line item. Councilor questions should drive the meetings going forward. Councilors should review the presentations ahead of time so they are prepared to ask questions at the meeting. There should less reliance on presentations in the meeting, only Budget changes need to be presented.
- Councilor DeLima stated that Councilors should get their questions to Nathan and Pete before the next meeting..
- Adjourn – The meeting was adjourned at 6:00PM.

Respectfully submitted by Peter McHugh