

FINANCE & ADMINISTRATION COMMITTEE MEETING

Monday, April 2nd, 2018

MINUTES

Hampden Town Office

Attending:

*Councilor, Terry McAvoy Chair
Mayor Ivan McPike
Councilor Mark Cormier
Councilor David Ryder
Councilor Dennis Marble
Councilor Stephen Wilde*

*Town Manager Angus Jennings
Town Clerk Paula Scott
James Wadman, CPA, Auditor
Kellie Bowden, CPA, Auditor
Danielle Simons
Residents*

Chairman McAvoy called the meeting to order at 6:00 p.m.

1. Meeting Minutes

a. March 19th, 2018 – *There was a motion and a second to approve the minutes. Approved 6-0.*

2. Review & Sign Warrants – *Warrants were reviewed and signed.*

3. Old Business – *None.*

4. New Business

a. Confirm dates for FY19 Town Council Budget Work Sessions – *The Councilors discussed the draft meeting dates. It was agreed to change the proposed May 8 meeting to Wednesday, May 9, to be held in the Public Safety Training Room due to the Planning Board's public hearing on the zoning amendments. All Councilors were in agreement with the revised dates and the Town Clerk will circulate and post a final meeting schedule this week.*

b. Summary of meeting held earlier today (April 2nd) between RSU-22 Administration and Town Managers regarding FY19 School Budget – *Manager Jennings summarized the meeting. RSU-22 Administrators provided the Managers information regarding costs that will be increasing in FY19 – including contractual wage increases, potential wage increases from current contract negotiations, transportation costs, turf replacement costs, etc. – as well as losses of revenue including one-time Honeywell monies, pre-K donations, and reduction in the Veazie contract. However, a proposed budget number is not yet available. Manager Jennings*

cautioned that his take-away from the meeting is that there is likely to be a significant cost increase proposed in the school budget. He reported that the RSU-22 Finance Committee's first meeting on the budget will be tomorrow night (April 3rd) at 7 PM.

- c. Discussion of March 29, 2018 MRC correspondence announcing a change to the destination of Hampden's Municipal Solid Waste effective April 1, 2018, and review of Town Manager complaint filed with MRC Board of Directors –** *Manager Jennings asked if any Councilors thought that his complaint filed with the MRC Board had gone too far, and the Councilors expressed support for what had been submitted. Chairman McAvoy, referring to an MRC Board meeting that he, Councilor Marble and Manager Jennings had attended not long ago, referred to a contract that he had understood had been signed at that meeting and questioned what had been agreed between MRC and PERC and what had fallen through. Councilor Marble said that he could understand the aggravation that this situation has caused.*
- d. Recommend Council authorization to waive the performance guarantee required to accept West Carey Drive as a public way –** *There was a motion by Councilor Marble seconded by Chairman McAvoy to recommend Council authorization to waive the performance guarantee required to accept West Carey Drive as a public way, as detailed in the memo from Manager Jennings. Motion passed 6-0.*
- e. Recommend Council approval of the Edythe L. Dyer Library Card Policy – requested by the Edythe L. Dyer Library Board of Trustees –** *Manager Jennings said that the policy in the Committee's packet had been approved by the Library Board and was before the Council for their approval. He noted that he will direct the Library Director to provide redlined revisions in the future so it is clear what aspects of the policy are changing. Motion by Mayor McPike seconded by Chairman McAvoy to recommend Council approval of the Library Card Policy. Motion passed 6-0.*
- f. Recommend Council authorization of up to \$18,625 from Host Community Benefit account (1-351-00) for purchase of 2nd flashing pedestrian beacon, and acceptance of bid price for installation of two crosswalks and two flashing pedestrian beacons on Main Road North at Cottage Street and at the Kiwanis Civic Center driveway –** *Manager Jennings reported that bids had been received on Thursday March 29 and that the Water District was moving quickly toward recommending a vendor and entering a contract, but he said that if the Council chose to wait until*

its next meeting to act this may still allow the work to proceed without delay. Councilor Ryder asked if the bid document shows two crosswalks and Manager Jennings said that it does. Chairman McAvoy noted that the Host Community Benefit account is not a reserve account and Manager Jennings agreed, but said that Council approval has traditionally been obtained before authorizing use of HCB funds. Motion by Councilor Marble seconded by Mayor McPike to recommend Council authorization of up to \$18,625 from Host Community Benefit account for purchase of a 2nd flashing pedestrian beacon, and acceptance of bid price for installation of two crosswalks and two flashing pedestrian beacons on Main Road North at Cottage Street and at the Kiwanis Civic Center driveway. Members of the public expressed their approval for this motion. Chairman McAvoy said that his only concern is the proximity of the proposed Kiwanis/Irving crosswalk to the signalized intersection and the potential for back-ups, but it was noted that the work is in a MDOT layout and approved by the District Engineer. The motion passed 6-0.

- g. Recommend Council authorization to re-allocate up to \$10,000 of authorized but unspent funds from the Planning & Community Development Reserve Account (3-725-00) for the purpose of retaining the contract planner through the remainder of FY18 –** *Manager Jennings summarized his memo, noting that the contract planner has allowed the Town Planner to stay focused on the zoning amendments by handling the Planning Board permitting activity, and that there were four public hearings at the recent Planning Board meeting. He said that these funds had been previously allocated toward the Business Park Covenants amendments but that the consultant's work was well less than budgeted so the proposal is to reallocate those funds for this purpose. There was a motion by Mayor McPike seconded by Councilor Marble to recommend Council authorization to re-allocate up to \$10,000 of authorized but unspent funds from the Planning & Community Development Reserve Account for the purpose of retaining the contract planner through the remainder of FY18. Motion passed 5-1 with Councilor Wilde opposed.*
- h. Proposal to add new full-time staff position to Administration Department in FY19 budget, and to reorganize and reassign some staff responsibilities for remainder of FY18 –** *Manager Jennings noted that he'd hoped to include a detailed proposal in this packet but that the events on Thursday including the MRC notice of change to waste destination had cut into the time available. He said that a proposed position would assist in several areas of the organization, and would ensure that the daily and monthly finance functions noted in the Audit would be completed. He said that with*

the current structure the Town has a part-time Manager and a part-time Treasurer, and that the demands on the Manager's time come at a cost to the day-to-day financial tasks. He said he is not looking for a Committee recommendation tonight but wanted to preview this proposal in the upcoming budget. Councilor Wilde said he is open to consideration of supporting this, and Chairman McAvoy said he tends to support the idea in part to ensure a separation of duties between the Manager and Treasurer rather than one individual being in charge of all of the finances.

- i. Manager's report on Council Goals and Priorities – Manager Jennings presented the information in the packet and said that he hopes this will be a helpful reference for the Council, and for the new Manager in directing staff in accordance with endorsed priorities. Councilor Marble said that the numbering system in the report isn't as clear to him but that the information is good and if there are questions about why certain items are prioritized as they are these could be asked in the future. The discussion was limited to allow time for the presentation of the Audit.**
- j. Presentation of Hampden FY2017 Audit – James W. Wadman, CPA – Chairman McAvoy invited Mr. Wadman to the podium to present his findings. Mr. Wadman handed out a 2-page document [appended to these minutes]. Mr. Wadman reported that there were some management comments in the report, where improvements to internal controls are needed, but that this is an "unmodified opinion" and that there were no disclosures of differences with management. Councilor Wilde noted that the Council has been setting aside more funds toward reserve, and Mr. Wadman said those funds are not part of Unassigned Fund Balance because they're dedicated to specific purposes. Chairman McAvoy asked whether the Host Community Benefit funds have always been reported as part of the Unassigned Fund Balance and Mr. Wadman said yes. Chairman McAvoy asked if that makes sense to do so, and Mr. Wadman said yes, they are rolled together in the financial statements but separated in some of the exhibits. Mr. Wadman said that because HCB funds are unconstrained and can be used for purposes deemed appropriate by the Council they are appropriately considered Unassigned. Chairman McAvoy said that several years ago there was \$3-4 million in HCB.**

Mr. Wadman summarized different elements of the Audit, saying the financial statements begin on page 9, pages 9-10 include all assets and liabilities, page 10 expenses include estimated depreciation and do not indicate outflows of cash. He described that they look at the asset, and the estimated life of the asset, using a police cruiser as an example of something that would be shown as depreciation over

time. Mayor McPike said we don't have RSU-22 as an asset but it is a write-off. Mr. Wadman said that amount is a monthly assessment. Chairman McAvoy asked what would be the depreciation of a plow truck and Kellie Bowden said 10 years. Chairman McAvoy said so we should be putting that amount into reserve? Mr. Wadman said yes, in accordance with a Capital Improvement Plan. Chairman McAvoy asked if we have been doing so and Manager Jennings said no, referring to his memo in the June 2017 Infrastructure Committee packet that shows that, the eight years or so following adoption of the 2010 Capital Program the Town had only allocated about half of the recommended funds toward Public Works vehicles and equipment. Manager Jennings noted that he has conducted this analysis of other reserve accounts, relative to the 2010 Capital Program, and found that the Town had properly budgeted in some areas but had underfunded many reserve accounts during that time period. Mr. Wadman referred to the sewer financial statements on pages 15-17. Councilor Wilde asked a question about page 24 noting that the Town doesn't have a minimum fund balance policy and asked if other towns do. Mr. Wadman said that a minimum fund balance policy is becoming more common in larger towns. Manager Jennings noted that Ms. Bowden had provided his office a copy of a sample policy in effect in Bar Harbor. Councilor Wilde recommended adding consideration of such a policy to the Council's list of projects.

Mr. Wadman continued with his presentation, noting that there was an increase of \$483,600 in Hampden's Unassigned Fund Balance in FY17 due to a combination of revenues above projections and expenditures lower than budgeted amounts.

Manager Jennings highlighted one area where revenues were greater, which was the partial resolution of the decade-plus backlog of developer escrow accounts. He said these revenues were above budget in FY17 but that an estimate of the remaining amounts to be resolved had been budgeted as revenues in FY18 so it will be important to complete this work before closing out the current fiscal year.

Mr. Wadman discussed the net pension liability on page 42, and Mayor McPike noted this amount had doubled in 2 years. Mr. Wadman said the estimated return rate was reduced this year by the Board overseeing the pension fund, and that that had reduced the estimated value of the assets. Manager Jennings asked if he had seen towns budget reserve funds for those unfunded pension liabilities and Mr. Wadman said not in Maine. Manager Jennings said he has seen this done in Massachusetts. Councilor Marble asked how much does Hampden owe? Mr. Wadman referred to page 9, that

current liabilities were just under \$7.4 million, including about \$5.6 million in debt and capital leases.

Chairman McAvoy noted that the meeting time was just about over. Councilor Marble commended the Town Manager for his work and Chairman McAvoy thanked the Town Manager.

- 5. Public Comment – None.**
- 6. Committee Member Comments – None.**
- 7. Adjournment**

There being no further business, the meeting was adjourned at 7:05 PM.

Respectfully submitted –
Angus Jennings, Town Manager