

MINUTES
FINANCE COMMITTEE MEETING
Thursday, September 7, 2023 – 1:00 pm
Gorham Municipal Center, Conference Room A

Present: Councilor Robert Lavoie - Committee Chair, and Councilor Phillip Gagnon.

Absent: Councilor Suzanne Phillips

Also Present: Town Manager Ephrem Paraschak, Finance Director Sharon LaFlamme and Executive Assistant Jessica Hughes.

1. Consideration of the minutes of August 8, 2023 Meeting

A motion was MADE by Councilor Gagnon, SECONDED by Councilor Lavoie, and VOTED to accept the minutes of the August 8, 2023 Special Finance Committee Meeting. Unanimous vote.

2. Current Business

A. Review and discuss June financials.

Finance Director Sharon Laflamme addressed the committee and said she wanted to make sure the committee knew that she has not finished the audit piece so the financials could change, but the data is current as of Friday, September 1, 2023. She further said that she tried to get in as much as she could, but she does not have deferred taxes and accrued comp yet, and she has not yet finished accounts receivables.

Town Manager Ephrem Paraschak said that the bottom line is that the inclusion of those items will not dramatically effect anything.

Mrs. LaFlamme said the changes will show more revenue, because she does not have GA included and other items like that yet. She said she can update and send the final June financials when they are completed. She said the auditors should be at the Town for a couple of weeks starting on September 18th.

Councilor Lavoie noted that rescue fees were up 25 percent.

Mr. Paraschak said that the Council, a couple of years ago, changed the fee structure and adjusted some of its components so we may now be seeing that come through the pipeline. He added that it may be too early to tell if it's just a blip. He further said that rescue fees may go up further, because we are trying to change the way we bill.

Mrs. LaFlamme said that we also outsource our billing to help with collections.

Mr. Paraschak said an indicator he always watches is excise tax. He said we are still on the upward slope, but it is an indication of what people are spending their money on. He added that is something that we are always tracking, not because it is a massive part of the Town budget, but because it is a good indicator to look at.

Councilor Gagnon noted that building permits were down year over year. He said permits in FY 2022 were 731, and now it is 628 as of the end of this year. He asked if we went up on permit fees to which Mr. Paraschak said that building permit fees were the only fees that the Council didn't touch.

Mr. Paraschak said the wildcard with building permits is when a big building comes in with a \$150,000 permit fee, which throws it off, but generally speaking, he said our buildings have been on the decline for any number of reasons. He said it could be due to the market, the availability of contractors, sprinkling, the growth management ordinance, etc.

Mr. Paraschak said that in the coming year when the Industrial Park goes online and those buildings pull their permits, the revenues will be out of whack.

Regarding the sale of trash tags, Councilor Gagnon asked if that contract was coming up to which Mr. Paraschak said – yes, in about two years.

Mr. Paraschak said that a big dynamic is that he doesn't think we'll be able to offer manual collection. He said he thinks there may be more contractors out there that we can negotiate with if we went away from Casella and/or tie in more contracts with another town like Windham, because they have more buying power. He said that staff have already begun that dialogue with them to see if we can negotiate a shorter term on a contract. He said that will be something that we'll either have to start absorbing losses on with regard to the amount of waste in the waste stream and mechanical collection. He added that he believes Windham's plan is to just eat the cost, spread it amongst the tax base, which for us would be \$500,000 - \$600,000 a year.

Councilor Gagnon commented that was something that typically bigger cities do anyways to which Mr. Paraschak said that Westbrook does that.

Councilor Gagnon asked if Mr. Paraschak was putting something together to go over this matter with the Council.

Mr. Paraschak said yes – he would provide something when we get closer and have options. He said that a similar process happened prior to signing the current contract as the council weighed in on it and gave their endorsement. He added that there was an option to have mechanical collection that was about the same price and the Council opted to do it the way we've done it.

A brief discussion ensued in which Mr. Paraschak explained that he believes that the previous option for manual collection meant that the truck would not hold up traffic, but it was negotiated pre-COVID, and now contractors can't find anybody to stand on the back of a trash truck, which is why they are going to mechanical collection. He added that if we move to mechanical collection, it will probably be a couple of years, because they have to order all of the trucks. He further said that we have to maintain the trucks or have an agreement for them to maintain them.

Councilor Lavoie said Scarborough has had mechanical collection for a while now and Westbrook for probably 20 years or so now to which Mr. Paraschak said – yes.

Mr. Paraschak said that moving to mechanical collection makes it harder to do a pay-as-you-throw revenue stream. He said there are ways to do it, but it is not as efficient to which Councilor Gagnon said that will be a budgeting issue.

Regarding the revenue page, Councilor Gagnon said we appear to be pacing ahead of prior years or pacing ahead of what our budget is. He noted that general tax is at 36 million and our year-to-date net is 37 million to which Mr. Paraschak said that generally we are doing pretty good on collections.

Mrs. LaFlamme said that if you see blue that means we did better than what we budgeted.

Mr. Paraschak said, generally speaking, our estimates are very conservative. He said there are so many variables in that something could happen in the economy in a budget year.

Councilor Gagnon asked if we foresee any issues on the collections on the amounts that are uncollected. Specifically, he said we have \$3.2 million in uncollected balances to which Mr. Paraschak said we'll always get the tax dollars eventually and there are very few exceptions.

Regarding Robie School and Robie Gym rentals, Councilor Gagnon said it looks like we didn't make any headway again with regard to in-depth discussions had in the past to which Mr. Paraschak said that we came in above our expectations.

Councilor Gagnon said that revenues were in line with what has typically come in to which Mr. Paraschak said – yes.

Councilor Gagnon said that we budget half of what we get every year and it is still under what it costs us to run those buildings to which Mr. Paraschak said that it almost always will be that way to where rentals will not cover operating costs.

Mr. Paraschak said that he did try to push them to market Old Robie School better so we will see if that pans out.

Councilor Lavoie said the committee asked Recreation Director Cindy Hazelton to look at comparable fees and she came back with more comps indicating that our fees were pretty much standard to which Councilor Gagnon replied that no one wants to rent it.

Regarding expenditures, Councilor Gagnon asked about the irrigation and water expenses for the Little Falls Recreation Area on page 11. He noted that water came back at \$9,800 on one line item when we had one of the wettest springs/summers ever. He said he would be curious as to why our water bill would be astronomically high in those areas. He added that if you look at irrigation at the top, which was very under-reported, and then water underneath it...

Mrs. LaFlamme said she wonders if staff put one of their invoices for the vendor Thirsty Turf in the water expense line, which she would have to check.

Councilor Gagnon said he would like that looked at. He said he asks, because during the Robie Park Master Plan Steering Committee Meeting last night, a couple members indicated that they are big on water conservation, and the irrigation at Robie would go off during the rain, so irrigation was watering the fields at the same time it was pouring rain. He said he understands

and it is a de minimus amount, but he is checking into it. He asked staff to look over this in our practices and how we're irrigating our systems.

Mr. Paraschak said he thinks the \$300 amount is not right, because we used \$1,700 in water just at Shaw Park, but he said he could look into that.

Councilor Gagnon said we do have July and August from last year, and we would have May and June, so it would kind of even out a little bit, but because it rained so much, he would think the water bill wouldn't be that high.

Mrs. LaFlamme said that she is trying to get department heads not to do this, but they tend to put expenses related to water in the water line when it should be coded to something else. She said she needs to work on that a little better.

Councilor Gagnon said that whatever staff needs to do to look at it and reconcile, that would be fine with him. He said that it just stood out as an oddity.

A brief discussion ensued between Councilor Lavoie and Gagnon regarding irrigation systems being controlled manually versus internet-connected devices. Councilor Gagnon said that a lot of irrigation systems are connected so that if it is raining, it won't turn on. He said that he believes our systems are all manual to which Mr. Paraschak said we have what is the cheapest.

Regarding general assistance, Councilor Gagnon said that it went up quite a bit this year. He asked if the Town is making adjustments to the budget to which Mr. Paraschak said he will next year. Mr. Paraschak added that we increased it this year, but it's just a blank shot estimate.

Councilor Gagnon said it is an indication to him that there are some hardships starting to form out there.

Mr. Paraschak said that there are hardships and some of the cases are people that have moved into Gorham from other areas, including the Greater-Portland area.

Councilor Gagnon said that over-time seems to be up again, particularly in the Police department and public safety. He asked if that was due to the un-filled positions to which Mr. Paraschak said – yes, and injuries and/or medical leave.

Regarding the materials and supplies line, Councilor Gagnon said it went over-budget by \$56,000 for the public safety building and he would like some clarity as to why.

Mr. Paraschak said that through the encumbrance process and within reason, departments have to justify the expense and he has to approve of it. He said that staff will look at that. He added that at the end of every budget year, he looks at what has been coded as materials and supplies, and how that ended up coded as that and not encumbrances. He noted that the committee could see that expense in other departments, some of which could be overruns and some could be encumbrances.

Councilor Gagnon said that materials and supplies went over budget under Fire and Rescue as well to which Mr. Paraschak said that could be overruns.

Mrs. LaFlamme said they have an encumbrance there as well. She added that departments are supposed to code the encumbrance to where it belongs, like if they have excess money in electricity and they need to buy radios, they are not supposed to code the expense under electricity – they're supposed to put it where radios go, which is why there are overages there.

Councilor Lavoie asked if the new software will solve those problems to which Mrs. LaFlamme said - no, and that we want the expenses to go where they are supposed to be coded.

Mr. Paraschak said that a department that has a lot of fluctuation in any given year is Public Works such as if we have a really light winter and not as much over-time.

Mr. Paraschak said that PD has seen encumbrances over the last six years, and they are getting tighter in their budget. He said that he believes that is because they are eating up over-time and having to absorb that through the rest of the budget. He added the same applies to Fire and Rescue, as well as supplies on their end.

Councilor Gagnon asked how staff offsets some of these over-expenses to which Mr. Paraschak said departments are never over-expending their entire budget. He said that overruns are shown and will stay there to show there is an overrun or underrun, or where there is an encumbrance to show where the money went. He said otherwise, if we balanced it out like the electricity for example, the committee would look at that and think electricity was normal that year.

Mrs. LaFlamme said it also makes it more difficult to budget if expenses were balanced out like Ephrem described.

Regarding the money being expended, Councilor Gagnon asked if money is being kept within the department or being taken from other departments to which Mr. Paraschak said it is kept within the department, and they have to get his approval ahead of time.

Councilor Gagnon said he was just curious as to how staff reconcile the funds that are under budget.

Regarding Economic Development, Councilor Gagnon questioned the transfer in the amount of \$59,752 to which Mrs. LaFlamme said that the Council prior to 2008 implemented a policy that said whatever balance is left in a department - if they didn't spend it all, half of it would go into a reserve account and the other half stays.

Mr. Paraschak said Economic Development is a good one, because if there is leftover money, those projects are not consistent in a given year.

Councilor Lavoie asked what the retention line was to which Mr. Paraschak said it was for business retention. He added that the Economic Development budget is really only three years old, so a lot of this was to frame it initially and then fine tune it every year.

Mrs. LaFlamme said a reason the Economic Development budget has so much may be because the new position of business advocate was added.

Mr. Paraschak said the Economic Development budget is 100 percent paid for by TIF funding, so nothing is coming out of the general tax base.

Regarding Recreation buildings, Councilor Gagnon said that we should be offsetting those expenses from those revenues.

Regarding Cable TV, Councilor Gagnon said that they went over budget by approximately \$11,000 on materials and supplies to which Mrs. LaFlamme said that was an encumbrance, which could be viewed when looking at the year-to-date net and outstanding encumbrance column.

Mr. Paraschak said that the former GoCAM Media Specialist Jeffrey Knox left employment for a new position with the state library, so the challenge will be finding someone since it is a part-time position that is shared with Baxter Memorial Library. He said he would make it work, but we need to find a qualified person that can do that.

Councilor Gagnon said that everybody seems to be over by a significant amount on materials and supplies, which adds up over time. He asked if the Town Manager feels that everybody is making their purchases in accordance with policies to which Mr. Paraschak said – yes, he does spot checks and monitors the Town’s Amazon account. He added that since he has been here, he’s never seen a dash to spend money. He said that staff will convey a legitimate need and ask if they can buy something.

Regarding the end of the fiscal year and budget cycle, Councilor Lavoie said he didn’t have any concerns.

Councilor Gagnon asked where the Town was in relation to revenue and expenses out, specifically what are we looking for on a net for the year to which Mr. Paraschak said we will have and have had a positive revenue stream. He further said that after the initial audit is done, Mrs. LaFlamme will start working on that information, which translates into our capital part II budget numbers. He added that this coming year will be healthy, and may not be as healthy as last year, which will probably have been our peak for a while, and in the following year, will probably be lower than that as his prediction.

Councilor Gagnon said revenues were outpaced by about three million dollars as the budget was \$43 million and total revenues received was \$46 million to which Mr. Paraschak said – more or less.

Mr. Paraschak said the end total in our capital part II budget was the healthiest capital part II we have ever had, which is a reflection of our total revenues. He said that school summer leaves compensation eats up a little of that, because we have to cover that and set that money aside for auditing purposes, and it grows every year. He further said that generally speaking, we are probably as financially-secure as we have been in many years.

Regarding \$19 million expended, Councilor Gagnon asked if the school side was not incorporated into that number to which Mrs. LaFlamme said – correct. She said that everything gets included in revenues, but the expense accounts are just the Town’s and the County, and the school is not included.

Councilor Gagnon asked when staff will know about funds available for the capital budget to which Mr. Paraschak said probably fall timeframe.

Mrs. LaFlamme said she has to wait for the auditors to finish the school audit.

Mr. Paraschak said they are working on the mil rate calculation, and the initial calculation was a fraction over what was discussed at the school budget vote.

Mrs. LaFlamme said that TIFs cannot be figured out ahead of time as it has to be figured out with the mil rate.

A brief discussion ensued regarding the Recreation carryover for FY 22 in which Councilor Gagnon asked what the Town is doing with the carryover when we hit the milestone of \$511,000.

Mr. Paraschak said we had a very healthy balance during COVID and this year, it plummeted and we spent it all just trying to keep things going. He further said that we can approve more substantial expenses as they come down the line. He said he signed off on the mini bus last year, which was a huge expense, but the new one does programming. He said if it starts to creep up even higher, the expectation is that we increase the programming capacity, increase what they are putting into the programming, commit capital expenditures, or look at if we need to reduce the fees. He said his understanding is that it is enrollment, which is a good thing as people want to be involved in the programs and they are successful.

Councilor Gagnon said that it could also be that programs are priced too high to which Mr. Paraschak said, generally speaking, he doesn't think that they are, and that they are competitive, and that more people are taking advantage of the programs right now, which could change.

Councilor Gagnon said that the Recreation department has two full-sized buses and a mini bus to which Mr. Paraschak said – yes.

Councilor Gagnon asked if one of those will need to be replaced to which Mr. Paraschak said that we ordered one and it had a long wait time. He said regarding the two buses, their department historically received hand me downs, but they received two new buses through the Volkswagen diesel settlement.

Councilor Gagnon asked if the bus purchase will eat into the \$511,000 to which Mr. Paraschak said – yes, a little bit, and he doesn't think that we have paid for the whole thing yet.

Councilor Gagnon asked if the buying or expending of funds for a new bus is supposed to be council-approved to which Mr. Paraschak said - not to his knowledge.

A brief discussion ensued regarding the use of the funds in which Mr. Paraschak said that the way they have been operating as long as he has been here is that the Recreation funds are more or less an enterprise account, but everything needs to pass the straight-face test, like if we buy a bus that gets used for something other than Recreation programs that is not accommodating our Recreation programs or equipment.

Councilor Gagnon asked if the mini-bus is predominantly used for long-travel trips for the elderly to which Mr. Paraschak said he thinks everything is used for any program.

B. Review abatement request.

Mr. Paraschak said the last Assessor recommended an abatement with the property owner that used to own the land down by the roundabout that the turnpike bought and somehow there was an issue when the turnpike bought it and something didn't get abated. He said the recommendation from the Assessor is that the committee and the Council can abate it, but he can't – otherwise he just would.

A motion was MADE by Councilor Lavoie, SECONDED by Councilor Gagnon, and VOTED to send the recommendation to the Town Council to abate the taxes as noted. Unanimous vote.

3. Other Business

A. Dow Road property

Mr. Paraschak said that the Town foreclosed on this property several years ago, and staff in the last year reviewed to make sure that they foreclosed on it property, which they determined that they did. He said there was an encampment there for the last six months with tents, and the house is not live-able. He said the matter is currently in court to get people out of there as they are not living in sanitary conditions, which staff are addressing. He said staff are starting the process so the Council can figure out what they want to do with it. He added that he does not see any municipal use for it as it is locked in by other properties, and it will cost \$20,000 to \$30,000 just to clean up the property. He said someone will buy it, because it has value, but whatever value it is will have to go back to the original owner, unless the committee wants to retain it as a municipal property. He said staff's recommendation would be to send it to the Council to list it for sale once the court proceedings are taken care of. He further said that the Town will get back its expenses and legal fees.

Councilor Lavoie said he was in agreement with staff's recommendation, and Councilor Gagnon concurred.

A motion was MADE by Councilor Lavoie, SECONDED by Councilor Gagnon, and VOTED to send the recommendation to the Town Council to sell the property in question at Dow Road after court proceedings have taken place. Unanimous vote.

B. Fort Hill Road property

Mr. Paraschak said there is a tax-acquired property on Fort Hill Road that the Town has owned for some time that the Town is going through some legal issues on that will be brought forward for Council review to determine whether they want to sell or retain, but the Council may want to retain. He said he believes it has 10 or 20 acres, so it is a bigger parcel.

A brief discussion ensued regarding the location and attributes of the parcel.

4. Schedule next meeting and discuss agenda items for next meeting

A discussion ensued in which Councilor Gagnon and Councilor Lavoie discussed the recurrence of meetings.

Councilor Gagnon asked if the committee will hold monthly or quarterly meetings to which Councilor Lavoie said he thinks the committee should stick with quarterly meetings as long as we are caught up and not chasing old business.

Councilor Gagnon said he is referring back to the audit that said the committee meets monthly.

Councilor Lavoie asked how long the committee has been meeting quarterly to which Mr. Paraschak said that as long as he has been at the Town, the committee has been meeting quarterly.

Mr. Paraschak said that the committee can decide how often to meet to which Councilor Lavoie said he prefers to meet quarterly.

Mr. Paraschak said we can also lock in a date for the next committee meeting, and the committee can also modify it.

Councilor Gagnon said the committee can meet quarterly until the new Council members are elected, and the new committee can decide then.

Councilor Lavoie said that the committee will then meet in December and then decide when that will be after the election and subcommittees are set.

Mr. Paraschak said that traditionally, a meeting is held shortly after to set subcommittees after a November election.

Executive Assistant Jessica Hughes noted that the next meeting of the committee would normally take place on Thursday, December 7, 2023 at 1pm in Conference Room A to which Councilor Lavoie said to check back with the new committee to firm up the next meeting date.

5. Adjournment

There being no further business, a motion was MADE by Councilor Phillips, SECONDED by Councilor Lavoie, and VOTED to adjourn at 1:50pm. Unanimous vote.

Respectfully,

Jessica Hughes
Executive Assistant