

MINUTES
FINANCE COMMITTEE MEETING
Monday, January 25, 2021 – 5:30 p.m.
On-line via Zoom

Present: Councilor James Hager, Chair; Councilor Janet Kuech and Council Vice Chairperson Suzanne Phillips.

Also Present: Council Chairman Lee Pratt; Town Manager, Ephrem Paraschak; Finance Director, Sharon Laflamme.

1. Consideration of the minutes of September 21, 2020 Meeting

A motion was MADE by Councilor Kuech, SECONDED by Councilor Phillips, and VOTED to accept the minutes of the September 21, 2020 Finance Committee Meeting. Unanimous vote.

2. Current Business

- a. Review and discuss December financials.

Finance Director Sharon Laflamme referred to the December financials/ attachment 2-a provided and said that the fiscal year is at 50 percent, the budget expended to-date is 48.3 percent, revenue received to-date is 56.2 percent, and collections for property taxes to-date is at 50.9 percent. Some revenues are down from last year, including excise tax and building permits; however, the Town went over budget last year, so she hopes that the Town will hit its target. State revenue sharing looks good despite the pandemic, and rescue fees are maintaining, while trash bag/tag revenue has increased.

Council Vice Chairperson Phillips asked Town Manager Ephrem Paraschak if the building permit revenue will rebound since the Town normally receives more than budgeted. Mr. Paraschak said that pending any major unforeseen issues in the economy, construction should be fine this year. Some contributing factors that affected building permit revenue were the increased costs and short supply of construction materials in the summer and fall. He is not concerned with the dollar amount coming in, but it is an indication of how the local building economy is doing in Gorham. The Town will need to watch the trend moving forward. Some other communities are not necessarily seeing a decrease in building permits, so it may be related to Gorham's local construction market.

Regarding the decrease in excise tax, Mr. Paraschak said that the short supply and demand of vehicles, low interest rates on auto loans and the impact from the COVID-19 pandemic are likely factors. He added that unless there is a major unforeseen issue in the economy, the Town should be fine for the rest of the fiscal year.

Regarding the reference of marijuana licenses under general revenue on page one of the monthly revenue report, Council Vice Chairperson Phillips asked what that pertained to. Mr. Paraschak said that the Town charges an inspection fee to cover the Town's expenses.

Councilor Kuech asked Mr. Paraschak how the Town is offsetting the cost of maintaining the Little Falls and other recreation centers when revenue for recreation programs and rentals has stopped due to the pandemic. Mr. Paraschak said that it is a relatively small portion of the overall budget and the Town will take a hit with the lack of that revenue. The facilities are being used in different capacities and drawing in revenue from before/after and all-day school camps led by Gorham Recreation. He added that the Recreation department may consolidate the camps and still be under the indoor mass gathering limit mandated by the state. It is no longer necessary to run multiple camp sites, so part time Recreation staff will be consolidated to two camp sites to make the programs more economical.

Council Vice Chairperson Phillips asked if any CARES act funding has gone toward Recreation programs, to which Mr. Paraschak said that the School department received CARES act funding and contracted with the Recreation department for childcare. He added that the CARES act funding did not pay for all programs – it helped subsidize a portion, and user fees and other fees helped make the programs break even on costs. Ms. Laflamme added that the School department-contracted CARES act funding was allocated to the Town’s “Recreation reimburseable” line, not the general fund. Mr. Paraschak shared that he, Recreation Director Cindy Hazelton and Ms. Laflamme met virtually last week and identified that Ms. Hazelton will need to make structural changes to the childcare programs to cover costs in order to continue offering the programs.

Regarding the Public Works expenditure – building maintenance line on page nine, Council Chairman Pratt asked why it was up 56.23 percent over budget halfway through the year. Mr. Paraschak said as part of contingency planning due to the pandemic and the need to keep its workforce healthy to respond to weather events, Public Works staff were separated into two groups. The lower Public Works shop was then rehabilitated to make it habitable for one half of Public Works staff to work from during the winter since it had not been used in over 20 years. He added that the strategy of separating the Public Works workforce has worked well so far in keeping them healthy and able to work, which justifies the cost.

Regarding the recent trash tag increase after it was last increased eight years ago, Councilor Hager said that the Town should constantly be reviewing fees to ensure they are in line with the cost of living and inflation and adjust fees as needed more often.

Regarding the monthly revenue report and expenses over 100 percent of budget, Councilor Hager referred to a list of questions he had prepared. On page five of the expenditure report under Fire and Rescue – Call Force, he asked what the expense of \$38,000 was for, to which Ms. Laflamme noted the line in question was for “Rescue Calls.” The budget was miscoded and incorrectly listed under, “Rescue Part Time,” and should be under, “Rescue Calls.” Councilor Hager referred to the Public Safety item 50246 on page six and asked if that was related to the expenses for Public Works to bring the lower shop to habitable working conditions, to which Mr. Paraschak said that he believes that the Fire Chief purchased fiber connectivity technology to install at Public Works since he had a higher credit card purchasing limit. Mr. Paraschak added that the expense will be reallocated to the correct fiber account line. Additionally, Mr. Paraschak said that the Town Computer Technician is making significant capital improvements to the Town’s IT infrastructure and all departments. Regarding the miscellaneous paving line item 50391 on page eight of the monthly expenditure report, Councilor Hager asked what that was for, to which Mr. Paraschak said he will look into that and advise.

Mr. Paraschak added that trash tag revenue stream needs to be watched closely in the next six months since the Town has discontinued the use Town trash bags.

b. Review request to waive late fees on real estate taxes.

Ms. Laflamme said that the Code Office had condemned a property under account 4944 and it needs to be destroyed, but the Town needs to review and approve waiving late fees on real estate taxes for the property before the structure can be destroyed.

A motion was MADE by Councilor Kuech, SECONDED by Councilor Phillips, and VOTED to waive the principle and interest for the full amount due for property account 4944. Unanimous vote.

c. Discuss setting Portland Water District sewer rates.

Councilor Hager said that the Finance Committee received a recommendation one year ago from the consultant that the Town needed to raise Portland Water District (PWD) sewer rates by three dollars over the next three years to balance out. Mr. Paraschak said that prior to the pandemic, a dollar per year sewer rate increase was agreed to, after which the PWD suggested that the Town raise the base hundred cubic feet (HCF) fee \$0.66, and the next increase at about \$0.34. Since the pandemic hit, PWD requested that the Town not raise rates. Mr. Paraschak asked the committee how they want to distribute the sewer rates now. A discussion ensued regarding a spreadsheet that Ms. Laflamme prepared to determine how to distribute the rate increase. Councilor Hager recommended increasing the base fee by \$0.66, and the incremental increase after by \$0.34. Councilor Kuech and Council Chairman Pratt concurred with Councilor Hager. After additional discussion, the committee agreed to a \$0.65/\$0.35 increase in the two rates, and increase by that amount each year over the next three years.

Mr. Paraschak recommended making the proposed sewer rate increase effective April 1, 2021 to allow the PWD time to implement the increase and provide notice.

A motion was MADE by Councilor Kuech, SECONDED by Councilor Phillips, and VOTED to recommend a sewer rate increase of \$0.65 for the first HCF, \$0.35 for additional HCF effective April 1, 2021 for the first year, and on the first of each year for the next two years. Unanimous vote.

d. Review federal and state COVID-19 grants and reimbursements. (Councilor Hartwell Spon.)

Ms. Laflamme reviewed attachment 2-d listing a summary of COVID-19 grants that the Town received and where the funding was allocated. A discussion ensued regarding the criteria for the spending of grant funding. Councilor Hager commented that the Town is always very fiscally responsible and did well with investing in the economic security aspect of the grant funding. Councilor Kuech agreed with Councilor Hager that Gorham has been very fiscally responsible to take care of needs and keep people working. Council Vice Chairperson commented that she appreciates Ms. Laflamme's and Fire Chief Ken Fickett's tenacity with seeking grant funding, and Ms. Laflamme's efforts with preparing the provided attachment. Mr. Paraschak added that he has a similar mentality to Ms. Laflamme with regard to policy decisions and seeking grant funding – if he or staff do not pursue it, the grant funding will be awarded to someone else. He

added that the School department was generous with how they spent their CARES act grant funding as they purchased new radios for the Gorham Police department to communicate with the schools, paved the sidewalk behind the Municipal Center for students to access the building better, and will contribute funds towards the Town's fiber project. Regarding state grant funding for the Town, Mr. Paraschak said that it was more competitive, so staff had to be more creative. Ultimately the Town was awarded over \$100,000 in grant funding from the state. Councilor Hager expressed his appreciation to Mr. Paraschak, Ms. Laflamme, department heads that applied for various grants and the School department for applying for grants that have been reinvested in the community.

Council Chairman Pratt thanked Ms. Laflamme for the level of organization with regard to the Keep ME Healthy grant. He is pleased with how the funding was spent. When awarded similar funds in the future, he would like to see it spent on road paving to encourage people to walk on them as part of a healthy initiative. Mr. Paraschak commented that the Greater Portland Council of Governments (GPCOG) and Towns are already looking at that prospect when/if another round of Keep ME Healthy funding becomes available for application.

Mr. Paraschak said that the Town was being creative with sourcing supplies, but paid a higher price for them in the early stages of the pandemic in the Fire Rescue department. Staff are now paying more conservative prices for pandemic supplies since the industrial complex has caught up with demand.

A clarification was made by Mr. Paraschak on an item he misspoke on during a recent Regular Town Council meeting regarding a snow machine that is being housed at the Central Fire Station and was purchased jointly between the Recreation department and Public Safety to groom trails. He clarified that the machine was not purchased with COVID-19 grant funds. The funding came from either the Recreation department's enterprise account or the general fund, as well as the Fire department's budget. He feels that the purchase through COVID-19 grant funds could have been justified as supporting an outdoor recreation activity, but he misspoke and wanted to clarify that the source of funding was not COVID-19 grant funds.

Council Vice Chairperson Phillips asked Councilor Hager when he would like to revisit the review of all Town fees, to which Councilor Hager said that staff could begin preparing a spreadsheet that could be reviewed at the next Finance Committee meeting, or if the Council would like to hold a Special Town Council meeting to review, he would support that. Mr. Paraschak said that there was a Council agenda item on this roughly two years ago, so a councilor could sponsor an item to revisit Town fees. He added that the purpose of any fee increase should be to ensure that the fee covers the Town's basic expenditure. Council Vice Chairperson Phillips said that she would sponsor an item on the February Town Council agenda to revisit this.

3. Items Referred by Town Council to Committee for Future Meetings/Action

4. Other Business

Ms. Laflamme said that she anticipates receiving the completed Comprehensive Annual Financial Report (CAFR) for the fiscal year 2020 by the end of the current week, which had been slightly delayed due to the pandemic. Ms. Laflamme will suggest a few optional days and times for the committee to meet and

review the CAFR, so that she may submit it to the Government Finance Officers Association (GFOA) by the deadline of the end of February.

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

The Committee discussed that the next meeting date will be March 29 2021 at 5:30pm.

6. Adjournment

There being no further business, a motion was MADE by Councilor Phillips, SECONDED by Councilor Kuech, and VOTED to adjourn at 6:33pm. Unanimous vote.

Respectfully,

Jessica Hughes
Executive Assistant