

MINUTES

Fiscal Policy Advisory Committee
August 23, 2012 4:30-6:00 PM
Second Floor Conference Room

In Attendance: Chair – Allen Bennett; City Councilors – Jan McClure, Fred Keach, Mark Coen, and Mayor Bouley; City Staff - Tom Aspell, City Manager; Brian LeBrun, Deputy City Manager Finance; Carlos Baia, Deputy City Manager Development; Bob McManus, OMB Director; Kathy Temchack, Director of Real Estate Assessment; David Gill, Parks and Recreation Director; and Michael Jache, Treasurer/Tax Collector

Excused: Councilors Candace White Bouchard, Keith Nyhan, Dan St. Hilaire

- 1) Approval of February 23, 2012 Meeting Minutes:** Chair Bennett called the meeting to order at 4:34 PM and requested a motion to approve the minutes of February 23, 2012. **Councilor Jan McClure moved to accept the minutes, seconded by Councilor Mark Coen. The minutes were unanimously approved as presented.**
- 2) Update from Assessing/Legal on abatement cases** – Assessing Director Temchack updated the status list of Assessment Appeals. There is lots of good news with these appeals with most cases dismissed or withdrawn or the courts upholding the City's valuation.

Members of the committee requested a detailed list of all PILOTS identifying which organizations are required to pay a PILOT and which organizations are paying PILOTS as a good agreement with the City.

The committee also requested a detailed list of large land/building owners that do not pay taxes or PILOTS.

Director Temchack answered questions regarding the appeals and decisions.

- 3) Credit Card Presentation** – City Treasurer Jache discussed the report and recommendation on the acceptance of credit cards in the collections office for the payment of taxes, auto registrations and other miscellaneous transactions. The report recommends accepting MasterCard and Discover only, with the customer paying a transaction fee of 2.95% or \$1.50, whichever is higher.

Treasurer Jache also discussed the discontinuance of the State's Compass program for electronic motor vehicle registrations and that the City is working to introduce the local E-reg program in lieu of Compass. The state's program did register vehicles online using credit cards.

The committee discussed the report and recommendation and asked Treasurer Jache several questions.

Councilor Fred Keach moved to recommend acceptance of MasterCard and Discover credit cards to the full City Council. The motion was seconded by Councilor Mark Coen, and carried unanimously.

- 4) **Preliminary FY12 Year-End Financial Statements** – Deputy City Manager LeBrun discussed the preliminary results of the City’s General and Special Revenue Funds. The General Fund is reporting a preliminary surplus of \$933,200 after consideration of the use of \$1.528 million of fund balance/surplus. Revenues fell short of budget expectations by \$556,300 again after consideration of the use of \$1.528 million in fund balance as a funding source and expenses were under budget expectations by \$1.656 million. Except for the Golf Fund, all other funds reported did better than budget expectations. The Golf Fund anticipated a gain of \$5,240 and has an actual loss of \$141,300. Deputy City Manager LeBrun distributed a chart showing the City’s General Fund balance 5 year history and the projected FY2012 results.

Director Gill presented a more detailed report on the Golf Fund operations and reasons for the loss. His report also included a recommendation to reduce the FY13 Golf operating budget by \$46,210 and transfer \$30,400 from the General Fund to cover the debt service costs for the clubhouse. The rationale for the General Fund to cover this expense is that the Golf Fund is used by the City for many different purposes and provides for an overall public benefit to the City. Additionally, Director Gill also recommends reducing revenues by \$99,346 which is more realistic. With these changes the Fund still anticipates a loss of nearly \$32,000 for FY13. This loss will be monitored throughout the fiscal year and based on the FY13 year end results, a recommendation similar to FY12 (see below) may be considered to offset any actual FY13 loss.

A revised Golf proforma was distributed and reflected a preliminary ending working capital balance of (\$81,300) for Fiscal Year 2012. Deputy City Manager LeBrun suggested that the City may consider one of several options:

- 1) Do nothing and simply let the fund show a negative working capital balance. This is not a preferred option.
- 2) Reduce the overhead transfer from the Golf Fund to the General Fund by \$81,300, which would eliminate the negative working capital amount and also reduce the General Fund surplus by the same amount.
- 3) Report the loss in the Golf Fund, allow an accumulation from year to year and have the City Council appropriate \$81,300 when the actual surplus recommendation is presented. Establish a Golf Fund reserve to cover losses and allocate amounts in the future for the same purpose, if necessary. This last option would also reduce the City’s overall surplus amount.

The committee discussed the financial statements in total and appreciated the simplicity of the executive summary report. They also discussed at length the results of the Golf Fund, the options to maintain the Fund’s solvency, and pros and cons of the General Fund supporting the Golf Fund. City Manager Aspell stated that this is similar to the support that the General Fund has provided to other funds in the past, namely the Airport Fund, the Parking Fund, and other Enterprise Funds from time to time.

Councilor Jan McClure moved to recommend to the full City Council a reduction of the FY 2013 Golf Fund operating budget by \$46,200, to decrease the revenue budget by \$99,346, and to transfer \$30,400 from the General Fund to offset the

clubhouse debt service costs. Additionally, the motion recommends reducing the FY 2012 Golf Fund contribution to the General Fund for overhead charges in the amount of \$81,729, or an amount necessary to reflect an ending working capital of zero, as reported on the revised proforma distributed at the meeting. The motion was seconded by Councilor Mark Coen. The motion carried unanimously.

- 5) **Strategic Financial Plan and Goals Revision** - Deputy City Manager LeBrun and City Manager Aspell discussed the City Council's priorities to develop a Strategic Financial Plan and to revise the Fiscal Goals. The question was how to proceed. Should Administration bring a recommendation of a strategic plan and updated goals to FPAC for consideration, or set up a separate FPAC meeting, maybe an all day Saturday session, to develop a strategic plan and revise goals? The options were discussed and the FPAC committee recognized the importance of providing input and direction for a strategic plan and favored an initial draft by Administration. It was decided a separate evening FPAC meeting would be calendared to work on the plan. City Manager Aspell and Deputy City Manager LeBrun agreed to work on a draft for a starting point and set up a special meeting to discuss.

- 6) **Adjournment** - A motion was made by Councilor Fred Keach to adjourn, seconded by Councilor Mark Coen, and a unanimous vote brought the meeting to an end at 6:32 PM.

Respectfully submitted,

Brian LeBrun
Deputy City Manager – Finance