



Presque Isle City Council Meeting

Monday, April 29, 2013
5:00 PM
Presque Isle Council Chambers

Present: Chairperson Emily Smith, Vice-Chairperson Randy Smith, Councilors Richard Engels, Craig Green, Peter Hallowell and Bruce Sargent

City Manager James A Bennett and Beverly A Labbe were also present.

Chairperson Emily Smith called the meeting to order at 5:00 PM and led those present in the Pledge of Allegiance.

WORKSHOP

13-86 Adjustments to 2013 Budget

City Manager Bennett reminded the Council that back in November/December of 2012 when the 2013 budget was being worked on, it was noted that if the City did not receive revenue sharing as expected, there would have to be a discussion in 2013 on how the City would handle the budget deficit that would be created.

The Council is aware for the past few years the State has raided the revenue sharing account. In 2009 the City received \$1,900,000; in 2012 \$1,156,451; and in 2013, the City is anticipating \$605,000 for January - June, and has forecasted \$860,000 for July - December. If the City has to reduce the forecast to what the City has been receiving (3.5% instead of 5%), the result is a deficit of \$200,000.

Bennett noted Presque Isle has kept its mill rate the same for the last three years, something very few communities have been able to do. Bennett senses the legislature will pass a budget with less than 5% for revenue sharing, so the City needs to begin dialoguing to determine what can be done to bridge the gap.

Bennett presented a list of alternatives that showed a combined total of \$400,000 in savings. Bennett suggested not taking any action now, but review the list and wait until they know for sure the amount that needs to be cut.

Bennett reviewed the list which comprised of:

- PenAir has made changes which requires less over-time \$ 5,000.00
- Building Permits are higher than anticipated \$25,000.00
- Excise tax is higher than expected \$ 7,500.00
- Turnover at the Police Department left a salary adjustment \$ 3,000.00
- General government had an employee who took unpaid leave and the Manager and Deputy did not receive an increase to their salary \$ 4,500.00
- Public Works is reducing their operational investments \$ 5,000.00
- Capital Reductions \$30,000.00
 - Industrial Council \$10,000
 - Fire Department \$ 5,000
 - City Hall \$ 5,000
 - Police \$ 2,500
 - Downtown \$ 2,500
 - Public Works \$ 5,000
- Not open the outdoor pool \$30,000.00
- Close the Indoor Pool \$30,000.00
- Change all employees to post 1996 Insurance Benefit \$15,000.00
- Value of one furlough day for all non-essential offices \$ 6,000.00
- Modifying the work week to 35 hrs/wk for hourly employees \$90,000.00
- Modifying the work week to 35 hrs/wk for salaried employees \$45,000.00
- Defer funding the emergency fund for one year \$91,550.00

Bennett stated if hourly employees are reduced to 35 hours; the cost of their health insurance would increase by 12.5%. If an employee was hired before 1996, their health insurance is covered 100% and the employee pays 10% of their dependent cost. Those employees hired after 1996 are covered 100%, and the employee pays 50% of their dependent costs. If the Council chose this as a cut, changes could not occur without negotiating with the unions.

In regards to the Emergency Fund, in order to be in compliance with the City Charter which requires funding, the Council would have to appropriate funds and then remove them.

Bennett mentioned the funds that are earmarked for a 2014 fire truck replacement. If the Council chose this option, the City would have to borrow additional monies in order to purchase the truck in 2014.

Bennett commented that there is not much left to cut from the budget and feels that current staffing is at the right level, eliminating any one else would affect services.

Councilor Randy Smith asked about the City's valuation, because last year the City lost \$4,000,000 in valuation. Bennett believes the valuation will stay the same with the exception of one property which is currently being negotiated. That could result in a decrease of \$2,000,000.

Some questions were asked about the county tax and M.S.A.D. #1's school budget. Bennett believes the County tax may increase anywhere from \$5,000 to \$10,000, and the school's budget will go to referendum on June 11th.

Bennett stated M.S.A.D #1's budget has increased approximately \$325,000 which is directly related to the State's change in health insurance benefits. Bennett believes the total impact to the school is around \$850,000. Approximately \$400,000 of that would impact the City's budget for July - December, a \$0.80 increase to the tax rate.

City Manager Bennett informed the Council that there may be some bond money from the State available for "shovel ready" projects directly related to river front property. LD 925 will authorize \$25,000,000 for projects such as these, and Bennett believes the Community Center would qualify. In order for the City to be eligible, Community Center bid specifications need to be completed with an approximate cost of \$398,000. Bennett feels that if the State has money available, Presque Isle should position itself to be eligible to receive that money. The Council does not need to decide now, but if they are opposed to advancing the project in anticipation of the bond, than this item would not appear on the May 6th agenda.

Questions were asked about the fundraising committee and how their efforts were going. Bennett stated the committee will be updating them at their May 6th meeting.

As things progress in Augusta, Bennett said he would keep the Council informed.

Adjournment

BE IT RESOLVED by Councilor Randy Smith, seconded by Councilor Green to adjourn the meeting at 5:58 PM. **Vote 6 - 0.**

Attested by: _____
Beverly A Labbe, City Clerk