



Presque Isle City Council Meeting

Monday, June 24, 2013

5:00 PM

Presque Isle Council Chambers

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

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

Vice-Chairperson Randy Smith called the meeting to order at 5:11 PM and led those present in the Pledge of Allegiance.

13-146 Accept resignation from Micah Desmond

BE IT RESOLVED by Councilor Hallowell, seconded by Councilor Engels to accept, with deep regret, the resignation from Micah Desmond. **Vote 4-0.**

13-147 Discuss Council vacancy

City Manager Bennett stated City Charter clearly defines how a vacancy on the Council shall be filled. The Council has the choice of appointing someone to fill the vacancy within 30 days of the resignation, or, if they decide not to appoint someone, then the Clerk must call a special election. If the Council should choose to appoint, that person would serve until the end of the year. In November of 2013, during the General Election, there would be one two-year seat and one four-year seat available.

Councilor Hallowell asked if the thirty days started from the time the resignation was submitted or from the when the resignation was accepted by the Council. In Bennett's opinion, the thirty days started when the letter of resignation was submitted.

Bennett suggested allowing people who are interested to submit a "Letter of Interest" to the city clerk by July 10, 2013 @ 5:00 PM. The Council could schedule a special meeting for July 15, 2013 to look through the letters and appoint someone at that time.

13-148 Discuss 2013 Budget

City Manager Bennett informed the Councilors that the Governor has until tomorrow to veto the budget. If the Governor vetoes the budget, the Legislature has enough votes to overturn the Governor's veto. If the budget does not get vetoed, the City will have firm numbers on Tuesday. If it does get vetoed, then the City will not know anymore than it does now. If the State budget is passed, at the July 1, 2013 Council meeting the City will set the mill rate.

There is a \$458,533 shortfall in revenue sharing for July - December 2013, Bennett distributed a spreadsheet that itemized the proposed reductions to cover the \$458,533. They are as follows:

- Increase revenue for permits in Code Enforcement - \$45,000,
- Closing the Outdoor Pool for 2013 - \$21,000,
- Change in personnel at the Police Department - \$5,000,
- Cumberland County hired a police officer from Presque Isle, so they are required to reimburse the Academy Fee - \$15,000,
- There were no raises for the manager or deputy manager and unpaid maternity leave - \$7,500,
- Increase in aircraft excise because MMG bought a new plane - \$12,000,
- Reduce paving from operational budget in public works - \$5,000,
- Interest earned on the Emergency Fund would be reallocated to the general fund - \$13,300,
- Automobile excise tax is higher than projected - \$15,000,
- There was a time delay in hiring a deputy city clerk - \$5,000.

Those adjustments subtotal \$143,800.

Bennett also suggested:

- One employee furlough day/vacation day - \$18,048,
- Employees hired before 1996 would pay 50% of their dependant's health insurance instead of 10% - \$17,573, and
- The City would suspend for six months 1% contribution to all employee retirement accounts - \$13,928.

Those three adjustments subtotal to \$49,549.

Also included were recommendations to:

- Increase property taxes by - \$125,000,
- Selling off some of the City's assets - \$25,000,
- Reducing capital by - \$25,000 and
- Removing money from surplus - \$90,184.

All combined, the total adjustments are \$458,533.

Bennett stated the impacts to employee benefits would need to be approved by the six unions before they could be implemented. All contracts expire December 31, 2013, but there is a clause that allows them to voluntarily open contracts for negotiations. If the unions do not agree, then the only alternative the City has is to enact changes allowed by federal and state law (i.e. changing the work week). Bennett stated the recommended adjustments are funded 30%-35% operational, 30% by property tax, and the rest by capital and employee reductions.

Councilor Engels stated he would like impacts to employees to be the last resort, and offered to give up 25% of his City Council compensation to help.

Councilor Green expressed his opposition to increasing health insurance benefits for employees who were hired before 1996. Green stated it was his understanding these changes impact employees who are long standing employees, who opted to give up raises in the past to keep their health insurance rates the same. Green would like to honor the good faith effort and suggested taking more from surplus to cover the shortfall instead. Green thought maybe the City could be more creative and gave an example of purchasing a used fire truck instead of a new one.

Councilor Hallowell stated that none of the choices were good; he is not a supporter of furlough days and understands the reasons for increasing health insurance costs. Hallowell feels employees have rallied even with the increases to their workload because of staff reductions, and because of that, Hallowell believes employees should get a raise instead of having their benefits reduced. Hallowell noted that MainePERS is costing the City a lot more money than the proposed changes to employee benefits.

Bennett stated contributions paid to MainePERS are set, so there is nothing the City can do about those. Bennett noted that the recommended cuts affect all employees. The 1% deferment affects those hired after 1996, increases to health insurance rates affects those hired before 1996. By implementing one furlough day/vacation day, this does not have a negative effect on employee's health insurance premiums. Bennett stated he is in negotiations with the union, and until an agreement is reached, the City must continue to contribute per the union contract.

Bennett stated if the Council was adverse to cutting employee benefits, than alternatives will need to be found. Bennett believes the City cannot eliminate any more employees at this point; services would have to be looked at. Fifteen percent of the staff has been eliminated in the last three years, which has saved approximately \$975,000 annually.

Councilor Randy Smith stated he was not a fan of furlough days and would like to increase taxes to offset the \$50,000 that would be taken from employees. Smith stated employees have taken up the slack with the decrease in staffing.

Councilor Green agreed with Councilor Randy Smith. Green stated employees that are hired now are hired at a lesser rate of pay. Green asked if purchasing a used fire truck would be better than purchasing a new one. If the City did not purchase new, there would be funds available.

Bennett stated if the City did not need to purchase a new truck that would be wonderful. But if the City waits another five to ten years, a truck will be even more expensive. When Rec & Parks asked to purchase a new truck, he recommended not to because he felt they did not need one. There is no backup for this piece of equipment.

Fire Chief Darrell White stated in the past the practice was to purchase from USA companies because there is a lot of maintenance required and USA companies' warranties hold up. White stated that Canadian companies build only chassis, they do not build bodies.

Bennett stated that trucks built in Canada are different than those built in the USA. In the past, municipalities have purchased from Canada and if the company fell into financial trouble, International Courts have to be used. A custom designed truck can last 25-30% longer than a truck built on a commercial chassis. The City could save 20% with a commercial chassis, but lose on the expected life. Bennett stated most municipalities have moved away from commercial chassis and have gone to specific custom built trucks.

White stated when the bid specs were designed; they looked at what would give the longest life, the goal of 25-30 years. With that in mind, one of the specs is stainless steel construction because it holds up to the salt here in Aroostook County.

Councilor Engels asked about technology and whether custom building a truck to last 25-30 years was feasible.

White stated that there is always new technology being developed and that is why this truck is a "plain old mechanical" truck. White said he has explored the Department of Defense website for used vehicles and he has not found anything remotely close to what Presque Isle needs. If they found a used vehicle, it would cost \$150,000 to \$260,000.

Bennett stated another option could be to not combine Engine 8 and 6 and purchase a new pumper truck and try to find a used rescue vehicle. Bennett said the issue is that this current vehicle will not pass inspection in 2014. He also pointed out that if the Council chose to take funds from the reserve account, it is a one time savings.

Bennett stated to cover the increase in the School and County budget, a median home assessed at \$80,000 would pay an additional \$58.00. To cover the increase in the City's budget, that same home owner would pay an additional \$24.19 in taxes. The School, County and City increase means raising the mill rate by 1.16, plus an additional 1 mill in 2014 to cover the second half of the school increase.

Councilor Green heard the school received more State funding in the budget and asked if it was true. Bennett stated the Appropriations Committee did allot more funding for schools, but Bennett thinks the school will use it to close any shortfalls they have in 2014.

In 2014, Bennett feels the City will have to look at services and if the City wants to maintain the same level of services, than taxes will have to increase. The City is looking at one mill this year and probably one more next year.

Councilors agreed that employee benefits should be the last thing that is considered. If the 2014 budget is as difficult as we think it is, then the City will have to look at cutting personnel and services, but the Councilors would like to leave employee benefits alone right now, if possible.

City Manager Bennett recommended approving the adjustments, and advocated any additional revenues be used to close the 2014 shortfall. Bennett addressed the public and asked them to contact their representatives in Augusta. If the public does not feel they are being adequately represented by their representative, elections are in November.

Bennett stated he has not heard any objections to the asset sale or the reduction in capital, so he will proceed with those.

13-149 Paver Project

Dana Fowler, Director of Public Services, addressed the Council regarding a paver. Fowler stated the purchase of a paver is a great idea, but the timing is horrible. Last year the City borrowed a paver from Caribou and paved portions of the bike path. Although purchasing a paver would be nice, Fowler recommended not proceeding, since the budget is already strained.

City Manager Bennett stated that in 2014, staff will continue to assess projects and if it is more economical to purchase a paver and do the paving ourselves, then they will do that.

Councilor Green stated he has received complaints from the public about the streets in Presque Isle and asked Fowler to give an overview of what the plan is for repair.

Fowler stated Rice Street is scheduled to be paved and chip seal will be laid down on the Centerline Road this year. MDOT will be working on the 5-way intersection this summer. Next year, MDOT will be paving Academy Street and some portions of Route 1. Fowler stated, if the City paved Academy Street this year instead of waiting for the State to do it next year, it would cost the taxpayers \$170,000.

Executive Session

13-150 Pursuant to 1 M.R.S.A. Section 405 (6) (c) to discuss a real estate transaction.

BE IT RESOLVED by Councilor Hallowell, seconded by Councilor Engels to enter into Executive Session at 6:46 PM pursuant to 1 M.R.S.A. Section 405 (6) (c) to discuss a real estate transaction.

Councilor came out of Executive Session at 7:44 PM with no action taken.

Adjournment

BE IT RESOLVED by Councilor Hallowell, seconded by Councilor Green to adjourn the meeting at 7:45 PM. **Vote 4-0.**

Attested by: _____
Beverly A. Labbe, City Clerk