



Presque Isle City Council Meeting

Monday, May 13, 2013

4:00 PM

Presque Isle Council Chambers

Present: Chairperson Emily Smith (arrived at 4:10 PM), Vice-Chairperson Randy Smith, Councilors Richard Engels, Craig Green (arrived at 4:06 PM), Peter Hallowell and Bruce Sargent

City Manager James A Bennett and Kim A Rohn were also present.

Vice-Chairperson Randy Smith called the meeting to order at 4:03 PM and led those present in the Pledge of Allegiance.

13-114 Appoint new Council Member to the Presque Isle Development Fund Board of Trustees

This was tabled until end of the meeting as all of the Council members had not arrived yet.

13-115 Discuss Tax Reform Program

City Manager Bennett stated that he had just returned from a Formal Public Hearing with the Maine Municipal Association (MMA) on Friday to discuss LD 1496. Two members of MMA's Legislative Policy Committee met Thursday and there was unanimous support of the program. There were also discussions about the impact on the community of Presque Isle of a potential \$200,000 budget shortfall and the additional impact to MMA.

City Manager Bennett stated that Revenue Sharing 2 is higher than the State average. The current system would take \$120,000,000.00 in collection of sales tax and then redistribute to municipalities through a formula. All municipalities would receive 80% of the sales tax, and those municipalities who qualify for Revenue Sharing 2, would receive funds from the remaining 20%. Therefore, the tax reform program would provide direct tax relief to the residents. An example of this would be homestead exemptions.

Currently property taxes for charitable and benevolent properties in Presque Isle are exempt. Under the proposed tax reform, these properties would be exempt up to the first \$250,000.00 and the remainder would be taxed at 25%. This change would bring \$15,000.00 more in revenue to Presque Isle.

With the potential changes to revenues and exemptions, LD1496 would increase the mil rate in Presque Isle from 23.5 to 24.84.

Some of the Councilors asked for an example of charitable and benevolent properties. City Manager Bennett explained that would be the hospitals.

The question was asked if City Manager Bennett thought this would pass. He answered that he did not know. He states that a few different scenarios could take place. Revenue Sharing could be fully funded at 5%, there could be no revenue sharing, or remain at 3.5 % which is around what we have been getting and tax reform could stay the same.

There was also discussion among the Councilors about the effects this would have on the local businesses and the lack of tax relief. It was the consensus of the Council that City Manager Bennett could relay the comments from tonight back to the Taxation Committee.

Next, City Manager Bennett stated that he is anticipating a \$200,000.00 shortfall in the budget and where cuts could be made. He first discussed that those City employees who have a pre-'96 insurance package, to go to post-'96 which would have a \$15,000 impact, 3 furlough days which would have an \$18,000 impact and a 35 hour work week for non-salaried employees which would have a \$90,000 impact. There are about 25 employees who are post-'96 with 10 - 15 of those employees who are only taking the single plan.

The capital budget for the Presque Isle fire truck was also discussed. To take a look to close the budget, \$250,000 to \$300,000 is needed to finance the truck next year. There is \$257,000 in that account, including \$177,000 this year. If the truck came back needing funding at full level, we would need \$500,000. So it would take an additional \$300,000 to purchase the truck at a 5-8 years borrowing package.

Councilor Green suggested that the Emergency Funding be decreased by \$80,000 and to not make the changes for employees for now. He stated that the budget cuts should lie with the taxpayers not on the backs of the employees just because they are City employees.

There was also discussion about closing the Presque Isle indoor and outdoor pool. It was decided that there would be future discussions about possibly combining all of the programs to the outdoor pool. This would be a savings of \$50,000.

City Manager Bennett got the approval from the Council to start negotiations with the union on the proposed changes to the employee's health benefits and reduction in hours.

13-114 Appoint new Council Member to the Presque Isle Development Fund Board of Trustees

Councilor Craig Green was suggested as the replacement for the Presque Isle Development Fund Board of Trustees.

BE IT RESOLVED by Councilor Emily Smith, seconded by Councilor Bruce Sargent to appoint Craig Green as the new Council Member to the Presque Isle Development Fund Board of Trustees. **Vote 6-0.**

Executive Session

13-116 Pursuant to 1 M.R.S.A. Section 405 (6)(d) to discuss labor negotiations

BE IT RESOLVED by Councilor Hallowell, seconded by Councilor Sargent to enter into Executive Session at 5:25 PM pursuant to 1 M.R.S.A. Section 405 (6)(d). **Vote 6-0.**

Councilors came out of Executive Session at 5:55 PM with no action taken.

13-117 Pursuant to 1 M.R.S.A. Section 405 (6)(c) to discuss a real estate matter

BE IT RESOLVED by Councilor Green, seconded by Councilor Engels to enter into Executive Session at 5:56 PM pursuant to 1 M.R.S.A. Section 405 (6)(c). **Vote 6-0.**

Councilors came out of Executive Session at 6:03 PM with no action taken.

Adjournment

BE IT RESOLVED by Councilor Peter Hallowell, seconded by Councilor Sargent to adjourn the meeting at 6:04 PM. **Vote 6-0.**

Attested by: _____
Kimberly A Rohn, Deputy City Clerk