



Presque Isle City Council Meeting

Monday, June 17, 2013

5:00 PM

Presque Isle Council Chambers

AGENDA

Call to Order - Roll Call
Pledge of Allegiance

New Business

- 13-140 Update on impacts of proposed State budget to the City
- 13-141 Discussion regarding approach to amend the 2013 budget
- 13-142 Report on the 2013 summer swimming lessons
- 13-143 Discussion about long term outdoor pool future/replacement

Executive Session

- 13-144 Pursuant 1 M.R.S.A. Section 405 (6)(c) to discuss real estate transaction

Adjournment



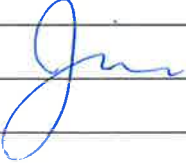
City of Presque Isle, Maine

The Office of
City Manager

James A. Bennett

Email: jbennett@presqueisleme.us

MEMORANDUM

TO:	Honorable City Council
FROM:	James A. Bennett, City Manager 
DATE:	June 13, 2013
RE:	June 17, 2013 Agenda

Please note the 5:00 PM meeting time.

- 13-140. Included in the package is the historical information as it relates to the Revenue Sharing that the City has received over the last few years. Further, it provides a forecast of what the City will receive for the remainder of this year. I have also done a forecast of the expected revenues for the entire biannual state budget period (July 1, 2013 to June 30, 2015). Finally, there is also a memo that outlines in detail these impacts and implications for the Council to be aware of.
- 13-141. With the understanding of the item above, staff will be looking for direction on how to close the \$290,000 shortfall in the 2013 municipal budget that becomes necessary because of the likely state budget. The suggested game plan is to have the Council provide a general direction. Staff will then proceed with gathering specifics to bring back to the Council for review at the meeting next Monday (June 24). Given that there is actually a state budget conclusion by that evening, the formal implementation of the changes would be scheduled for the July 1 City Council meeting.
- 13-142. Included in the package is a memo that outlines the formal steps that staff has taken to implement summer swim lessons this year, given the decision to close the outdoor pool. Staff believes we have implemented plans that will satisfactorily meet the core service of providing swimming lessons. We will be available to address any concerns that Council has and will be hopeful the Council endorses the strategy.
- 13-143. This item is available for the Council to begin discussions about the long term alternatives that should be considered to address the outdoor pool situation. This is primarily a brainstorming session. Staff has not prepared any firm analysis of alternatives.
- 13-144. Under a separate confidential memo, information regarding the executive session is included.

PRESQUE ISLE CITY COUNCIL

MEETING OF June 17, 2013

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. 140

SUBJECT:

Update on impacts of proposed State budget to the City

INFORMATION:

INCLUDED IS:

--- Memo from James Bennett dated June 13, 2013

APPROVAL AND/OR COMMENTS OF CITY MANAGER:

REQUESTED ACTION:

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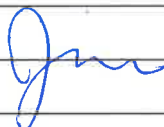
City of Presque Isle, Maine

The Office of
City Manager

James A. Bennett

Email: jbennett@presqueisleme.us

MEMORANDUM

TO:	Honorable City Council
FROM:	James A. Bennett, City Manager 
DATE:	June 13, 2013
RE:	State Budget Impact

This memo is being written on Wednesday evening. It will reflect the current knowledge of the state budget impacts on our local budget as I understand it currently. There is a very good chance that it may change between the time of the writing and our meeting on Monday evening.

Included with this memo are two additional pieces of information. The first is a graphic representation of the revenue sharing contributions to Presque Isle in comparison to the state law. The red represents what the law states. The blue represents what was received (or projected to be received). Please note that the City has received \$2,111,528 less revenue from the state over the last four years since the beginning of the raids. The second is the calculations to demonstrate the forecasted funding the City would receive over the next 24 months based on the Appropriations Budget.

The Appropriations drafted budget is continuing to raid those property tax relief funds and actually increasing the amount that is being taken for state purposes. In rough numbers, if the state met its obligation under the 30+ years of partnership, approximately \$140 million would be used on an annual basis. Over the last four years, approximately \$40 million has been taken away from the fund. This represents approximately 3.5% of all state revenues being used to fund the program instead of the 5.0%. While the Governor proposed to ‘temporarily’ suspend all funding, the Appropriation Committee’s drafted budget calls for funding revenue sharing at 70% and 65% of the previous levels (\$70 million and \$65 million). If adopted, the total amount of funds intended by state law for PI property taxpayers used by the State will be \$3,339,364.

The corresponding numbers for the City of Presque Isle are as follows:

	@ 5.0%	@ 3.5%	Appropriations
FY14 (State)	\$1,890,585	\$1,177,785	\$783,324
FY15 (State)	\$1,979,285	\$1,233,140	\$723,069

As you may recall, the City operates on a calendar year; the fiscal year for the State is July to June. I have used the above numbers to calculate the shortfall for the balance of this year as well as the impact for our 2014 budget year. The calculations are included in the spreadsheet.

12 Second Street Presque Isle, ME 04769-2459 Phone: 207.760.2700 Fax 207.764.2501

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Martin Puckett, Deputy City Manager, 12 Second Street Presque Isle, ME 04769, or call (207) 760-2700.*

The budget shortfall created by the state budget for the balance of the year is \$290,000. For 2014, the budget shortfall will be *an additional \$225,000*. In considering the solution for the 2013 shortfall, please keep in mind that any solution that is a onetime occurrence and cannot be repeated in 2014, will create that budget shortfall again the following year (again created by the State government).

It should be noted that during our discussions to date, the \$200,000 tentative target number assumed that the so-called 3.5% funding would be obtained. As such, it would be a onetime issue (created by building an increase in the second half of our budget year of revenue sharing based on the state complying with the law). The solutions presented at previous meetings involved short term, non-repeatable savings. Those may no longer be as practical today.

The final pieces of financial information that you should be aware of are the impacts on the tax rate caused by other portions of the tax bill uncontrolled by the City Council. First, the County tax will be \$613,702.35 in comparison to the \$605,109 last year (a tax rate impact of about \$0.01). The school budget was approved yesterday which, in broad numbers, will require about \$800,000 more in local property taxes. Half will be needed this year or about \$0.80. I will work to get the actual number and impact for Monday's evening. Finally, I suspect that we will see a small drop in the total valuation changes for the City that will have an adverse impact on the final tax rate calculations.

Hope for Change to State Revenue Sharing

As the saying goes, it is never over until it is over (or as some may say until the fat lady sings). While she may not be actually singing, she is taking her place and preparing to sing. Traditionally, a unanimous decision by the Appropriation Committee has triggered budget approval by the legislature and affirmative action by the Governor. If anything is certain, this session has demonstrated that traditions meet very little.

Through the service center coalition and MMA's Legislative Policy Committee, efforts are underway to provide an amendment on the floor of the house to temporarily increase the sales tax by another half penny, with the funds being used to restore revenue sharing to the so-called 3.5% level. Any remaining funds would be returned to the rainy day fund. Debate on the budget may begin on Friday. I have notified our representatives as well as Representative Clark (because his district will include Presque Isle in the next election because of the redistricting) to inform them of the potential for the floor amendment. I have also asked them to support the motion.

Other Information

I have formally asked all six unions to meet and discuss changes to the existing employment contracts that the City has with them in order to deal with the issues created by the state budget. I explained that I anticipate that some of the solution to this issue may require some changes to employees. Under state and federal law, the City does not have the ability to unilaterally change the contract. Hence, without consent of the unions, the City will only be left with the available options that would not require changes in the unions. I am pleased to report that all of the unions are willing to have the discussion. I would caution the Council however; this does not mean they will agree to any changes.

Our Path to a Final Budget

The ability to formally amend the budget and finally issue the tax bill is totally dependent on the state budget finally being adopted and becoming the law. Assuming the current budget (or some version thereof) is adopted in the next week, the path forward that I suggest is outlined below.

On Monday evening, the meeting will be focused on the definition of the budget shortfall created by the state. It will be helpful, in my opinion, for the Council and community to understand the issues. Unfortunately, over the last couple of years, the City has done a great job of dealing with the shortfalls without impacting the services or the pocketbooks of the citizens. At the same time, we have not really made it clear why the budget was being adjusted as much as it was.

It would be helpful for members of the Council to provide some general guidance to the different approaches it would like to see used to deal with the shortfall. With those general directions, I will work with staff to provide a menu of options for the Council to consider at the meeting on the 24th. On that evening, the Council could work towards a tentative solution.

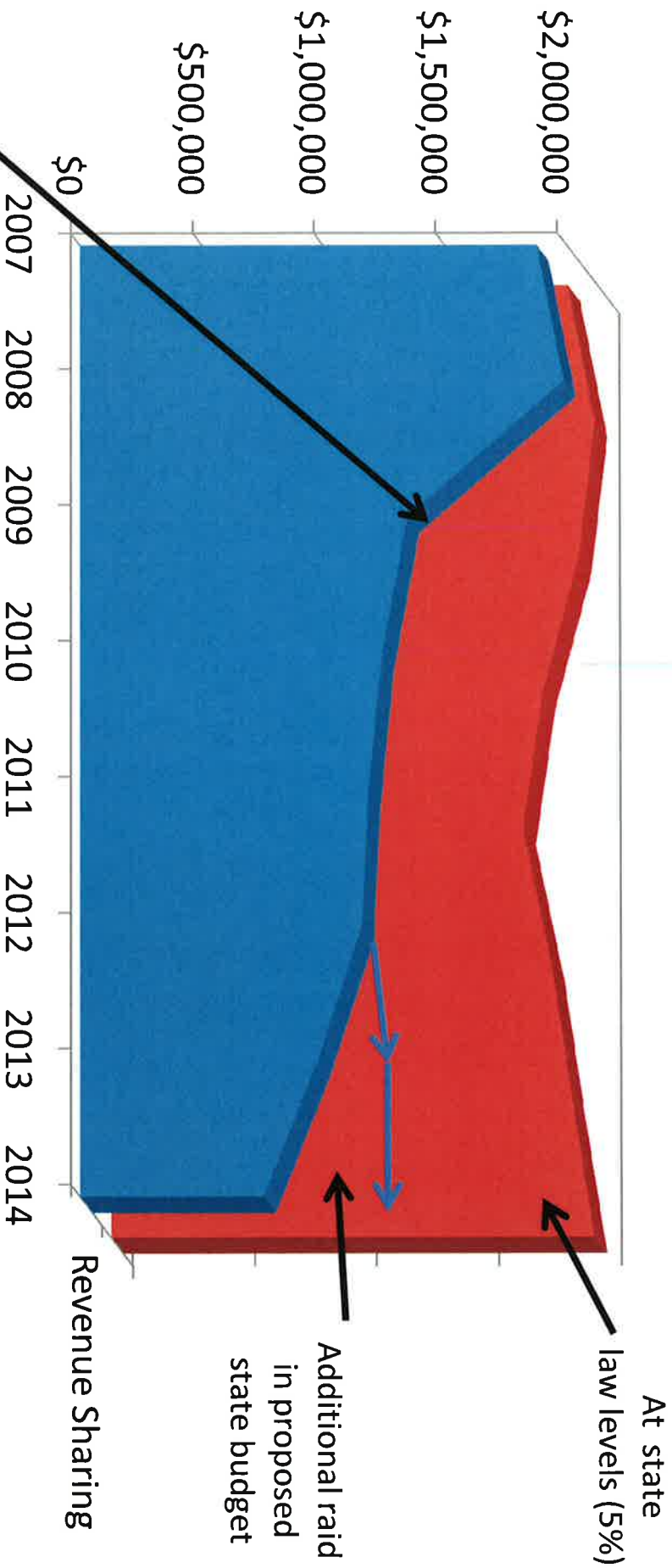
Given that the state budget is resolved, we would look towards the meeting on July 1 to do the final budget amendments. As a reminder, the budget can be amended by only four votes. Again, if the state budget is finalized, we could actually commit the taxes that evening as well.

Conclusion

I have shared with some people over the last few days how disappointing this past week or so has been. I know each of you are very proud of the work you have done over the last few years to make tough decisions in order to deliver the services citizens desire without increasing the property taxes. Those decisions have been tough. They have not come without a fair share of both compliments and criticisms.

You are now facing the task of making even tougher decisions. The decisions are being driven by the state budget. No one enjoys making the decisions that are facing the Council. Staff and I will do all we can to try to make this process as painless as possible.

Presque Isle Revenue Sharing



Since the first raid in 2009, the state has used **\$2,111,528** of PI's revenue sharing to pay state bills

The proposed state budget will use another **\$1,227,836** of PI's revenue sharing to pay state bills

Even at the so-called 3.5%, the state will use **\$849,178** of PI's revenue sharing to pay state bills

	Actually Received												Budgeted/Expected				
	2007	2008	2009	2010	2011	2012	2013	2013	2013 Revised	2014	2015						
January	\$127,463	\$137,859	\$126,158	\$131,723	\$105,113	\$109,822	\$97,599	\$100,000	\$100,000	\$66,474	\$61,360						
February	\$149,520	\$157,240	\$133,458	\$138,899	\$116,229	\$90,767	\$126,618	\$123,000	\$123,000	\$86,238	\$79,604						
March	\$64,230	\$65,454	\$49,452	\$47,748	\$47,325	\$47,606	\$36,604	\$60,000	\$60,000	\$24,931	\$23,013						
April	\$74,223	\$93,443	\$66,722	\$53,211	\$57,896	\$83,842	\$54,930	\$68,000	\$68,000	\$37,412	\$34,534						
May	\$227,024	\$271,160	\$175,667	\$139,841	\$130,718	\$137,777	\$160,521	\$130,000	\$130,000	\$109,329	\$100,919						
June	\$157,526	\$218,039	\$90,125	\$123,422	\$127,097	\$141,685	\$124,000	\$124,000	\$124,000	\$84,455	\$77,958						
Subtotal	\$799,986	\$943,195	\$641,582	\$634,844	\$584,378	\$611,499	\$600,272	\$605,000	\$605,000	\$408,839	\$377,389						
July	\$521,728	\$523,316	\$202,586	\$176,556	\$174,796	\$168,966	\$190,000	\$190,000	\$115,081	\$106,228							
August	\$125,812	\$129,318	\$117,868	\$88,631	\$80,401	\$83,627	\$100,000	\$100,000	\$56,957	\$52,576							
September	\$30,303	\$17,942	\$26,891	\$32,009	\$38,164	\$23,788	\$50,000	\$50,000	\$16,202	\$14,955							
October	\$161,003	\$156,795	\$143,171	\$124,714	\$128,377	\$106,966	\$130,000	\$130,000	\$72,853	\$67,249							
November	\$123,164	\$118,740	\$107,144	\$94,259	\$88,581	\$85,857	\$95,000	\$95,000	\$58,476	\$53,978							
December	\$116,487	\$98,779	\$106,075	\$89,751	\$89,668	\$75,749	\$95,000	\$95,000	\$51,592	\$47,623							
Subtotal	\$1,078,497	\$1,044,890	\$703,735	\$605,920	\$599,987	\$544,953	\$0	\$660,000	\$371,161	\$342,611	\$0						
Total City Budget Year	\$1,878,483	\$1,988,085	\$1,345,317	\$1,240,764	\$1,184,365	\$1,156,452	\$600,272	\$1,265,000	\$976,161	\$751,449	\$377,389						
July-Dec	\$1,078,497	\$1,044,890	\$703,735	\$605,920	\$599,987	\$544,953	\$0	\$660,000	\$371,161	\$342,611							
Jan - Jun	\$943,195	\$641,582	\$634,844	\$584,378	\$611,499	\$600,272	\$605,000	\$605,000	\$605,000	\$408,839	\$377,389						
Total State Budget Year	\$2,021,692	\$1,686,472	\$1,338,579	\$1,190,298	\$1,211,486	\$1,145,225	\$605,000	\$1,265,000	\$780,000	\$720,000							

PRESQUE ISLE CITY COUNCIL

MEETING OF June 17, 2013

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. 141

SUBJECT:

Discussion regarding approach to amend the 2013 Budget

INFORMATION:

INCLUDED IS:

APPROVAL AND/OR COMMENTS OF CITY MANAGER:

REQUESTED ACTION:

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PRESQUE ISLE CITY COUNCIL

MEETING OF June 17, 2013

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. 142

SUBJECT:

Report on the 2013 summer swimming lessons

INFORMATION:

INCLUDED IS:

--- Memo from Chris Beaulieu dated June 13, 2013

APPROVAL AND/OR COMMENTS OF CITY MANAGER:

REQUESTED ACTION:

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Presque Isle Recreation & Parks
270 Main Street
Presque Isle, ME 04769
207-764-2545
www.pirec.org

MEMORANDUM

TO:	Honorable City Council
FROM:	Chris Beaulieu, Director of Recreation & Parks
DATE:	June 17, 2013
RE:	Summer Swim Lessons

At the June 3rd Council meeting it was decided to not re-open the Outdoor Pool for the 2013 summer season. The poor condition of the facility and the potential dangers it presents proved too great to overlook. However, with its closure ends a very important service that the City has been able to provide our community for decades, youth water safety classes. These lessons have not only been provided for many, many years, but at little to no cost. This has allowed thousands of youth regardless of economic background the opportunity to learn this critically important life saving skill. Although youth swim lessons are also offered at our indoor facility, the much higher cost to operate that facility increases the cost at which those classes are available. Hence, many families are unable to afford them.

In an effort to reduce the number of youth losing this opportunity, staff has devised a plan to reach as many of these kids as possible for this summer. The families of all youth registered for this year's Outdoor Pool swim lessons will be contacted and offered to take lessons at the Indoor Pool. To make room, some adjustments will be made to the schedule and additional time slots made available. However, there are a number of youth that typically walk to their lessons. To help address this, we have made an arrangement with the University to utilize their indoor pool one morning per week, giving those participants the alternative to go there.

The next piece is financial. The fee for outdoor lessons is only \$6 for the summer and classes are held four days per week, while indoor lessons cost \$36 for the summer and held only once per week. This summer the fee will be \$10 for residents. Those that have already registered will only need to pay



an additional \$4, which can be done on their first day of class. Those that choose not to participate will receive a refund. Classes will run as Indoor Pool lessons have, once per week. For those that have already signed up for lessons at the Indoor Pool, they will receive a refund of \$26, while those that have yet to sign up for lessons and do, will pay only the \$10.

Due the reduction in fees, there will be a loss in anticipated revenues for the Department, some of which we have already received and will need to refund. Other impacts to the budget include the cost to utilize the University’s facility and the staff required for the additional lessons. Below is an estimated breakdown of those financials:

Closure of Outdoor Pool:	\$27,500
Loss of anticipated Indoor Pool revenue:	- \$ 3,000
University Pool rental fee:	- \$ 525
Additional staff:	- \$ 2,500
Savings for 2013:	\$21,475

Another impact the closure of the Outdoor Pool will have is the loss of general swim times. To help alleviate some of that issue, a reduction in some general swim times at the Indoor Pool will be offered. Monday thru Fridays General Swim times from 1:00-2:45 will be offered for only \$1 for all users.

These strategies to help deal with the loss of the Outdoor Pool are only temporary and not a solution. Thorough dialogue will need to take place to ensure an appropriate and permanent solution is developed to make certain this very important service is made available for the future.

cc: James Bennett, City Manager
Beverly Labbe, City Clerk
Kevin Sipe, Recreation & Parks Advisory Board Chair
Sloan Dionne, Aquatics Director



PRESQUE ISLE CITY COUNCIL

MEETING OF June 17, 2013

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. 143

SUBJECT:

Discussion about long term outdoor pool future/replacement

INFORMATION:

INCLUDED IS:

APPROVAL AND/OR COMMENTS OF CITY MANAGER:

REQUESTED ACTION:

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PRESQUE ISLE CITY COUNCIL

MEETING OF June 17, 2013

AGENDA INFORMATION SHEET:

AGENDA ITEM NO. 144

SUBJECT:

EXECUTIVE SESSION – Discuss real estate transaction

INFORMATION:

INCLUDED IS:

APPROVAL AND/OR COMMENTS OF CITY MANAGER:

REQUESTED ACTION:

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