

FINANCE COMMITTEE LEWISTON, MAINE

Minutes of February 9, 2015

PRESENT: Paul Robinson, Robert Reed, Nelson Peters, Councilor Michael Lachance and Councilor Leslie Dubois.

OTHERS PRESENT: Deputy Public Works Director Megan Bates and Director of Budget/Purchasing Norman Beauparlant.

Meeting was called to order at 5:12 p.m. by Chairman Reed.

On motion of Mr. Robinson, seconded by Councilor Lachance it was

VOTED:

(010-2015) To approve the minutes of the previous meeting dated January 26, 2015 and to accept and place them on file as presented by the Clerk.

VOTE: 5-0

At this time, the Purchasing Director presented information regarding the extension of the Uniform Rental Program currently under contract with Unifirst Corporation.

On recommendation of the Purchasing Director and on motion of Councilor Lachance, seconded by Councilor Dubois it was

VOTED:

(011-2015) To accept option 2 presented by Unifirst Corporation to allow the City to transition from jeans to a more industrial chino pant provided by Unifirst and forgo the cost estimated in option 1. Option 2 extends the contract to January 31, 2018 with an optional two (2) year extension to 2020.

**VOTE: 4-1
Mr. Peters opposed**

On recommendation of the Purchasing Director and on motion of Mr. Robinson, seconded by Councilor Dubois it was

VOTED:

(012-2015) To award Bid 2015-005 Cure-In-Place Pipe Lining to Insituform Technologies, LLC, Chesterfield, MO, at their bid price of \$1,194,210.

VOTE: 5-0

FINANCE COMMITTEE MINUTES

February 9, 2015

At this time, the Committee continued its review of the Proposed FY 2016 Lewiston Capital Improvement Program (LCIP).

Chairman Reed circulated a draft recommendation that he had formulated for discussion purposes.

Following discussion and on motion of Councilor Lachance, seconded by Mr. Peters it was recommended to accept the draft as the Committee recommendation.

Chairman Reed suggested that a friendly amendment be added to allow for him to amend the draft based on current Committee discussion.

Motion for amendment made by Councilor Lachance, seconded by Mr. Peters.

VOTE: 5-0

On original motion amended motion of Councilor Lachance, seconded by Mr. Peters it was voted to send the following recommendation:

VOTED:

(013-2015) The Finance Committee has reviewed the Fiscal Year 2016 Lewiston Capital Improvement Program. The Finance Committee recognizes that this document is a long term planning tool utilized by the City Council and Administration, and that all projects are subject to the scrutiny of the budget process. If projects as requested are approved, including the Administrator's recommendation and School Department recommendations, the proposed FY16 bond authorization amount would exceed the 80% bond issue authorization limitation as established by City Ordinance (Chapter 2, Article II, Section 2-34: Council action on bond authorization).

The purpose of the 80% limit is to aggressively reduce our heavy long term debt while minimizing the impact on the current year. We urge the Council to hold the line this year as we have seen multiple years of exceeding the intent of the 80% limits.

Further, the Committee expresses concern about the level of debt service carried in each of the Enterprise Funds as the rate and fee structures impact the personal budgets of Lewiston residents as much as the General Fund does with its mil rate and tax structure and the school side borrowing to be carried by the property taxpayers of the City of Lewiston. Therefore, we would recommend that City Ordinance (Chapter 2, Article II, Section 2-34: Council action on bond authorization) be revised to include provisions aimed at reducing debt separately in each category: municipal debt, school debt supported by the property tax, and Enterprise Fund debt.

In addition, we believe a further deeper review of the LCIP should be considered to eliminate those items listed whose appreciable life of use will likely be less than the borrowing period of the funds used to acquire them. Last year this committee showed the City Council an area where saw blades and other items that should have been purchased as part of an annual supply budget line but were included in a larger purchase, meaning the city and its taxpayers would be paying principal and interest for at least ten years

FINANCE COMMITTEE MINUTES

February 9, 2015

on items that have a usable life of less than one season. The current LCIP includes a pickup truck and potentially other items which fall into this category but would be better placed in the annual budget. We also ask the City Council to provide further guidance as to how these should be addressed should they come before the Finance Committee for approval as they would be considered non-capital items purchased from a capital only budget. We also have a deep concern regarding the continued placement of staff wages into capital project expenditures. Paying wages out of anything but the operating budget is one of the largest reasons our overall debt is now so significant and hangs over the heads of every Lewiston property tax payer and renter. The most glaring example of this is in placing significant portions of our City Engineering wages into various projects thus ensuring we will pay much more over time. We cannot support this process moving forward.

Finally, specific to the LCIP proposed budget, we recommend the following items be removed from the FY16 LCIP request (as well as comments you may find helpful);

Planning \$100,000 – It makes no sense to capitalize a consultant review and related expenses for the New Comprehensive plan. Capitalize the projects that may follow but not the time spent now.

MIS \$90,000 “to replace current hardware purchased 5 years ago”...why would we replace items that only last 5 years with a bond that will likely last more than 10 years?

PW \$100,000 – Signage for Parking Garages –in our current economic situation we cannot justify this amount when the majority of people using the garages already know where they are. Most special events have signage and maps in programs of their making that help also explain where parking is allowed.

PW \$63,500 – Field Mower -10 years bond to save \$500 in ongoing maintenance does not make sense even with the current one time additional expenditure.

PW 182,000 – Telescoping Truck –Given the cost, additional interest on the bonding, and over time repairs, maintenance and other issues, AND the fact that rentals may at times still be required it makes no financial sense to purchase this item. Rentals paid for from the current year budget is the fiscally prudent manner of addressing the need.

PW \$129,000 – Street Sweeper – the average cost of repairs makes it a better option to keep the current equipment and extend the useful life.

PW - \$17,000 Message Board – if the message board was damaged by a car striking it, why is there no insurance coverage to pay for the replacement? Can a portable sign be rented for those few times when our city departments require one?

The Finance Committee wishes to commend the staff and administration of the City for the continued work in refinancing the outstanding debt as had been recommended in past LCIP reviews. We urge the City to continue those efforts as the opportunities present themselves. We also recommend the utilization of the unallocated balances in future bonds should first be used to reduce the principal outstanding before considering additional purchases not previously requested or indicated. We also ask that scrutiny be given to the amounts requested as we often see significant changes in estimates versus actual purchases, creating many of these unallocated fund balances.

We encourage City management to be prudent in spending of funds and focus on core services and those items deemed necessary at this time. Exceptions should be made where continued use of existing property would be more expensive in terms of operations and maintenance than the cost of purchasing new.

VOTE: 5-0

FINANCE COMMITTEE MINUTES

February 9, 2015

At this time, the Purchasing Director advised the Committee that the Purchasing Policy recommendation that had been scheduled for discussion at the February 10, 2015 Council workshop had been pulled from the agenda.

The Purchasing Director explained that the policy changes had been circulated to department heads for comment and the Public Works Director had taken exception to a number of items and had provided a memo reflecting his concerns. Committee members were given a copy of the memo and agreed to have further discussion at the meeting of February 23, 2015.

The Purchasing Director also advised the Committee that he has been in conversation with the City of Auburn and the Auburn School Department about the purchase of gasoline and diesel fuels for the 2015-2016 timeframe.

VOTED:

To adjourn at 6:13 p.m.

Norman Beauparlant
Clerk
Finance Committee